



**Sarah Baartman**

DISTRICT MUNICIPALITY

*Province of the Eastern Cape*

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*progress through development*

**FINAL**

**ANNUAL REPORT**

**2018/2019**

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#### ABBREVIATIONS:

AFS = Annual Financial Statements	
AG = Auditor General	
AGSA = Auditor General of South Africa	
ANC = African National Congress	
BAAM = Business Adopt a Municipality	
BAC = Bid Adjudication Committee	
BCDA = Blue Crane Development Agency	
BCRM = Blue Crane Route Municipality	
BEE = Black Economic Empowerment	
CBO = Community Based Organisation	
CDDA = Cacadu District Development Agency	
CFO = Chief Financial Officer	
COGTA = Co-operative Governance and Traditional Affairs	
CSIR = Council for Scientific and Industrial Research	
DA = Democratic Alliance	
DAC = District Aids Council	
DCF = District Communicators Forum	
DEDEAT = Department of Economic Development, Environment and Tourism	
DM = Disaster Management / District Municipality	
DoRA = Division of Revenue Act	
DSRAC = Department of Sport, Recreation and Culture	
DST = District Steering Committee	
LRED = Local and Regional Economic Development	
DTI = Department of Trade and Industry	
IDZ = Industrial Development Zone	
DWC = District Womens' Caucus	
ECSECC = Eastern Cape Socio Economic Consultative Council	
ECPTA = Eastern Cape Parks and Tourism Agency	
EEP = Employment Equity Plan	
EHS = Environmental Health Service	
EPWP = Extended Public Works Programme	
EXCO = Executive Committee	

FY = Financial Year  
GCIS = Government Communications and Information Systems  
GDP = Gross Domestic Product  
GIS = Geographical Information System  
GRAP = Generally Recognised Accounting Practice  
GVA = Gross Value Add  
HCT = HIV Counselling and Testing  
HR = Human Resources  
ICT = Information and Communication Technology  
IDC = Industrial Development Corporation  
IDP = Integrated Development Plan  
IGR = Intergovernmental Relations  
KPA = Key Performance Area  
KPI = Key Performance Indicator  
LAC = Local Aids Council  
LED = Local Economic Development  
LM = Local Municipality  
LTO = Local Tourism Organisation  
LUM = Land Use Management  
MAYCO = Mayoral Committee  
MEC = Member of Executive Council  
MFMA = Municipal Finance Management Act  
MFMIP = Municipal Finance Management Internship Programme  
MHS = Municipal Health Service  
MIG = Municipal Infrastructure Grant  
MM = Municipal Manager  
MOU = Memorandum of Agreement  
MPAC = Municipal Public Accounts Committee  
MRM = Moral Regeneration Movement  
MSA = Municipal Systems Act  
mSCOA = Municipal Standard Chart of Accounts  
MTSF = Medium Term Strategic Framework  
N/A = Not applicable  
NGO = Non-Governmental Organisation  
NMMU = Nelson Mandela Metropolitan University  
OTP = Office of the Premier  
PAA = Public Audit Act  
PCF = Premier's Co-ordinating Forum  
PGDP = Provincial Growth and Development Plan  
PMS = Performance Management System  
PMU = Project Management Unit  
PRO = Public Relations Officer  
PSC = Project Steering Committee  
REDI = Rural Economic Development Initiative  
RRAMS = Rural Road Asset Management System  
S A = South Africa  
SALGA = South African Local Government Association  
SAPS = South African Police Services  
SBDM = Sarah Baartman District Municipality  
SCM = Supply Chain Management  
SDBIP = Service Delivery and Budget Implementation Plan  
SDF = Spatial Development Framework  
SEEDS = Socio-Economic and Enterprise Development Strategy  
SETA = Skills Education Training Authority  
SHRMP = Strategic Human Resource Management Plan  
SLA = Service Level Agreement

MSIG = Municipal Systems Improvement Grant

SMME = Small, Medium, Micro Enterprise

SOE = State Owned Enterprise

SPLUMA = Spatial Planning Land Use Management Act

SRVM = Sundays River Valley Municipality

TK = TASK (Tuned Assessment Skills and Knowledge)

UG = Unemployed Graduates

UGP = University Grants Programme

WSA = Water Services Authority

WSP = Workplace Skills Plan

# CHAPTER 1 – EXECUTIVE MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

## COMPONENT A: EXECUTIVE MAYOR’S FOREWORD

Following the local government elections on 3 August 2016, all municipalities were required to develop a five (5) year plan, which is regarded as the Integrated Development Plan. The 2018/2019 financial year was the second year of this plan. The development priorities for this term of office are:

- Basic Service Delivery and Infrastructure
- Local Economic Development
- Good Governance and Public Participation
- Municipal Transformation and Organisational Development
- Financial Viability

This Annual Report and period of review will therefore reflect the implementation of the second year of the plan.

In the previous Annual Report of 2017/2018, I reported that Council approved the macro structure in October 2017. The new structure reflects the Departments in the municipality as follows:

- Office of the Municipal Manager
- Finance and Corporate Services
- Planning and Economic Development
- Infrastructure Development and Community Services

After a protracted period of consultations, the organogram could not be finalised in the 2017/18 financial year. It was finally adopted by Council on 4 July 2018.

As a result of many new positions that were created, job descriptions for such posts had to be developed. These job descriptions now have to be evaluated. This is a long and tedious task and would be finalised in the 2019/2020 financial year. As a result many of the positions were vacant in the municipality during the course of the year.

The Municipal Manager of the SBDM returned to the District Municipality on 1 August 2018 having been seconded to Makana Municipality from 1 February 2018 to 31 July 2018. This was due to the challenges experienced at Makana Municipality including the fact that the Makana Municipality has not had an Accounting officer since 2014.

Some of the local municipalities in the Sarah Baartman District encountered much success. However, many of them experienced several challenges during the year under review. The Dr Beyers Naude LM can be regarded as financially unsustainable in this year of review following the amalgamation of the erstwhile Camdeboo, Baviaans and Ikwezi municipalities. Makana Municipality in particular has been faced with tremendous service delivery problems. There is no doubt that poor decisions taken with regards to the number of staff appointed and the resultant employee costs, together with weak financial management has contributed to this position. However it is important to mention that the ageing infrastructure in Makana and many towns in the district pose tremendous problems and is unable to cope with the current demand for services. The ageing infrastructure has to become a priority for the entire district.

The District is still affected by a crippling drought affecting commercial farming activity as well as small scale and emerging farmers. Many of the supply dams are at extremely low levels. The situation is worsening, and unless we receive good rainfalls shortly, the consequences could be very dire for the communities of the district. However the SBDM following a declaration of a local state of disaster for the district successfully applied for drought funding of R300m for the seven local municipalities in the district. The funding was directed to the local municipalities and received midway through the financial year. Projects relating to the funding are being implemented. The details are contained elsewhere in this Annual Report.

Unemployment remains at an unacceptable high level. The District is unfortunately still faced with many socio-economic challenges despite our best efforts to deal with the situation. The District Municipality is collaborating with our Provincial and National departments to ensure that equitable development occurs to improve the quality of life of the communities in the District.

During the period of review, the performance of the institution can best be described as satisfactory. The year under review can be considered as a period of consolidation where the institution had to refocus itself on delivering on its mandate for the duration of this new IDP. Our institution has also been very supportive to the local municipalities in our area, and has assisted them in many ways. The municipality has invested in some infrastructure related projects. We have supported small, medium and micro enterprises as well as promoted economic development in many forms. We have also supported the Tourism and Creative Industry Sector as well as participated in many forums. We have been pivotal in ensuring that development occurs throughout the District.

In the period of review, former Speaker of Council resigned in November 2018. Cllr M Njadai was sworn in as a councillor and elected as the Speaker of Council. Following the national and provincial elections in May 2019, two of our councillors were elected to the National Legislature and Provincial Legislature respectively. I want to thank them for their invaluable contribution to the institution and wish them further success.

I want to place on record my appreciation to the members Council and the Mayoral Committee who have ably supported me during the past year. I also want to thank the Municipal Manager and the officials for their loyalty, dedication and level of commitment during the course of the year.



**K E KEKANA**  
**EXECUTIVE MAYOR**

## **COMPONENT B: EXECUTIVE SUMMARY**

### **1.1 MUNICIPAL MANAGER'S OVERVIEW**

#### **INTRODUCTION**

The Annual Report is prepared in accordance with the guidelines of Circular 63 issued by National Treasury. National Government wants municipalities to set specific targets to measure the effect of service delivery and the impact it makes on communities.

The Integrated Development Plan (IDP) serves as a blueprint for the work of the municipality. The budget that was approved by Council provides the necessary financing to implement the priorities of the institution. The year under review is the second year of the implementation of the IDP for this term of the Council. The priorities of the municipality for the current five year term are, Basic Service Delivery and Infrastructure, Local Economic Development, Good Governance and Public Participation, Municipal Transformation and Organisation Development and Financial Viability, The priorities and projects that were approved are reflected in the Service Delivery and Budget Implementation Plan (SDBIP). The SDBIP is the institutional scorecard. The Municipal Manager as Accounting Officer is responsible to ensure that the SDBIP is implemented.

This Executive Summary therefore provides a broad overview of the performance of the District Municipality during the financial year under review. The Organisational Performance Scorecard in Chapter 3 of this Annual Report provides, amongst other things, the performance indicators, the target of each indicator, and whether the target has been achieved or not achieved. Where targets have not been achieved, reasons have been provided. Some of the projects and programmes that are embarked on are multi-year projects. Hence progress on some of these projects would have been reflected in prior financial years.

With the approval of the organogram on the 4 July 2018, the moratorium to fill positions was lifted. It has been very difficult to recruit suitably qualified personnel in certain key positions. This Annual Report will indicate that fewer projects have been initiated in the year under review in comparison to previous years. Notwithstanding the internal challenges, it is gratifying to indicate that the performance of the municipality can be considered as satisfactory - a year in which the institution re-established itself after the appointment of two new Directors in the previous term.

#### **OVERSIGHT BY COUNCIL**

The Council, led by the Speaker, is the highest decision-making body. The Council approves the IDP, Budget and policies that govern the work of the municipality. The Mayoral Committee, comprising of the Executive Mayor and the five full-time councillors, is responsible to ensure that the IDP and Budget and policies are implemented and objectives of Council are achieved. Although there are no standing committees or portfolio committees, the District Municipality involves its councillors in serving in Intergovernmental forums. Special committees are also set up to deal with specific tasks. The Audit Committee and the Municipal Public Accounts Committee (MPAC) play key oversight roles. During the period of review, Council established an additional Section 79 Committee, the Woman's Caucus.

#### **INTERGOVERNMENTAL RELATIONS**

The Councillors and officials of the District Municipality also participate in the working groups of SALGA. The Office of the Executive Mayor and Municipal Manager is also responsible to ensure that the objectives of the Intergovernmental Relations Framework Act are achieved. This is done in collaboration and in partnership with other spheres of government.

## **POWERS, FUNCTIONS AND ROLES**

The role as well as the powers and functions of district municipalities are set out in the Municipal Structures Act, 1998 (Act 117 of 1998). Section 83(3) of the Municipal Structures Act emphasises that the district municipality must support and capacitate local municipalities in its area of jurisdiction. Section 84(1) of the Municipal Structures Act determines the powers and functions of district municipalities.

In the Sarah Baartman District area, many of the municipal services that relate directly to communities have been assigned to the seven local municipalities. The provision of water, sanitation, electricity, refuse collection and disposal, maintenance of roads within the towns and residential areas, the provision of community service such as, maintenance of parks, swimming pools are all functions of the local municipalities. The provision of Primary Health Care is the function of the Provincial Government and they carry out that responsibility in the Sarah Baartman district. The provision of library services is the competence of the Province and local municipalities are appointed as the agents.

In the previous year the district municipality commenced with an exercise to reassess whether the local municipalities (acting as the district municipality's agent) are performing the functions acceptably. This will be finalised in 2019/2020.

From the nature of the projects and programmes, it is evident that the role of the Sarah Baartman District Municipality can be regarded as a facilitator of development.

## **FINANCING THE BUDGET**

The aforementioned paragraphs clearly indicate that the SBDM is not directly involved in direct service delivery to communities. As a result it is unable to levy tariffs and charges against users of municipal services. It is therefore largely dependent on government funding to perform its functions. This is in the form of Equitable Share and the Levy Replacement grant (R88,342m). A limited amount of conditional grant funding is also received by the Municipality. The municipality received the following conditional grants, Finance Management Grant (R1,0m), Rural Access Roads Grant (R2,240m), Expanded Public Works Grant (R1,0m). The programmes associated with these grants were fully implemented.

The financing of the budget is further elaborated in the Financial Overview. However there are many needs of the district and the municipality had to utilize some of its reserves to finance its operations. This is not an ideal situation. Prudent financial discipline is therefore required in such an environment to ensure the sustainability of the municipality.

## **PARTNERSHIPS**

Our partnership with Jincheng Municipality, Peoples Republic of China, continued to yield positive results during the year under review. With funding from the SBDM, the Development Agency of the District municipality employed a person to focus on creating export opportunities to China for businesses in the district. An Investor and Co-operation conference with representatives from China's business sector occurred in July 2018. The SBDM also participated in the business EXPO in Shanghai in November 2018, creating exposure for the goods from the district to buyers from China. Two agreements were entered into between the SBDM and partners in China for the provision of goods from the district.

The District Municipality had a partnership agreement with SANTAM. This partnership came to an end on 30 June 2018. Notwithstanding that, SANTAM continued to finalise the outstanding programmes associated with the partnership especially the training of relevant officials on a decision support tool on the GIS system.

The District Municipality's partnership with Deutsche Gesellschaft fur Internationale Zusammenarbeit (GIZ) and the Eastern Cape Aids Council with regards to HIV and AIDS also ended due a change of focus by GIZ.

## **BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT**

Local Municipalities in the Sarah Baartman District are the Water Services Authorities and Water Services Providers. The District Municipality however has a responsibility to support the local municipalities in the performance of this function. During the period of review it was evident that some of the local municipalities in the District are not performing the WSA and WSP functions adequately. This is evidenced by the various indicators set by the Department of Water and Sanitation. It is the view of many stakeholders that where the local municipality does not have the capacity to perform this function, the district municipality must take responsibility for the function. This is a long and complicated process which will require extensive public consultation and also legislative changes. This matter did not receive the required attention in the current financial year. This is still a priority for the district.

The district was still plagued with a very severe drought seriously affecting the availability of water to the communities. In the previous financial year it was reported that the SBDM prepared a business plan seeking assistance from National Government to alleviate the drought conditions. Some of the local municipalities received the Water Services Infrastructure Grant and funding for drought purposes. These two funding streams could be used to refurbish existing and build new water treatment works as well as be used to drill boreholes. It is gratifying to note that an amount of R303m was received by the local municipalities as a direct intervention of the district municipality. The drought also severely affected the farming sector, both the commercial and small farmers.

The District Municipality does not receive any Municipal Infrastructure Grant from National Treasury, and any funding that the District Municipality makes available in supporting local municipalities comes primarily out of its own revenue sources. The District Municipality continues to manage the Municipal Infrastructure Grant of Makana Municipality. This is due to the fact that COGTA and National Treasury have concerns about the ability of Makana to manage the funds. Makana Municipality however identifies the projects and appoints the consultants and contractors.

The EPWP funding was used to install 50 water metres and fix water leaks in Makhanda. Makana was also supplied with a further 150 water meters. A total of 1797 households were visited and 260 households that had leaks were attended to. The project was successfully implemented in that it will help with the additional generation of revenue and the reduction in water losses.

In the previous Annual Report, it was indicated that the Intercity Bus and Taxi terminal in Graaff-Reinet was completed. In 2018/19 the Council continued with the next phase of the project to provide ablution facilities and shelters for this facility.

The Rural Road Asset Management System has been set up for the local municipalities and the district municipality. This project was financed by a grant from National Government. The system indicates the condition of the various roads in the district and the remedial measures that must be implemented. This project was completed. The LMs will be trained on the use of the system.

With regards to the project relating to the upgrading (paving) of the roads and stormwater in Rietbron it was reported that 925 metres was achieved in the 2017/2018 financial year. A further 230 metres of paving was completed in 2018/2019. A further 95 metres will be finalised by September 2019.

## **COMMUNITY SERVICES**

Environmental Health is a function of the district municipality. In the year under review, the District Municipality appointed all seven (7) of the local municipalities to perform the Environmental Health

function as its agent. The Local Municipalities are funded for this responsibility based on the per capita of each area. The district municipality continues to render this service in the erstwhile Ikwezi and Baviaans areas.

The assessment of the performance of the service by the local municipalities was done. However the progress by the service provider was unacceptable. This matter is receiving attention.

The Municipal Structures Act sets out the district responsibility for firefighting services. These include planning, co-ordinating and regulation of fire services; co-ordination of the standardisation of infrastructure equipment, vehicles and procedures; training of fire officers as well as specialised firefighting services such as mountain, veld and chemical fires. The district municipality has appointed the local municipalities to perform these functions as its agent. Local Municipalities are funded in terms of an approved model which takes various factors into account. The district municipality has further requested that an assessment be done to gauge whether the local municipalities are adequately performing the district municipality function. This project was completed and will be presented to the Council in early in the new financial year.

In the previous Annual Report it was indicated that the emergency response centre inclusive of a fire station at Bushman River Mouth in Ndlambe was completed. During the period under review, the SBDM provided the necessary equipment and furniture to make the Centre functional. The district municipality also undertook the training of twenty one (21) fire fighters from the local municipalities. Direct support to the LMs during the various outbreaks of fires occurred. The SBDM has also appointed three fire fighters to its structure to further support the LMs.

The construction of a satellite fire station in Aicedale did not occur. It was discovered that the land for the proposed site that was identified by the Makana Municipality, does not belong to the municipality any longer. The construction of the satellite fire station in Kareedouw also did not occur. The SBDM was not satisfied that the main fire station in Sandrift is fully operational.

Disaster Management is a function of district municipalities. The construction of the Disaster Emergency Response Centre in Paterson as envisaged in the 2018/19 financial year did not occur. The Provincial Department of Public Works has assisted the district municipality with the planning of the centre. This project is anticipated to be implemented in the 2019/2020 financial year.

It was previously reported that Disaster risk assessments have been undertaken at all seven (7) local municipalities. Disaster management plans was to be developed in the 2018/2019 financial year. This was not achieved. The plans are anticipated to be completed in the 2019/2020 financial year.

The District Municipality withdrew from the Connect with Sarah Baartman in February 2017. The provision of internet and email services at the various libraries is now being managed by Department of Sports, Recreation, Arts and Culture.

Extensive work with regards to the 2018/19 HIV/AIDS plan was implemented. Extensive door to door campaigns were concluded as part of the education and awareness campaign. Voluntary counselling and testing sessions is a continuous programme at the clinics and various district events. The fight against tuberculosis is also part of the programme.

The Office of the Municipal Manager is also responsible to co-ordinate programmes aimed at youth development, supporting people with disabilities as well as the empowerment of women. Other targeted programmes especially aimed at the aged. Children and sports programmes are supported by the Office of the Executive Mayor. Many of the campaigns and support initiatives are implemented with sector departments and other government agencies.

## **PLANNING AND LOCAL ECONOMIC DEVELOPMENT**

The District Municipality has an important role to play with regards to Economic Development. Unfortunately unemployment is a major concern. Eleven small, medium and micro enterprises (SMMEs) and three (3) co-operatives were financially supported.

The district support team convened on three (3) occasions in the financial year. The district support team is an IGR Forum that comprises of the district municipality and the local municipalities, SEDA, National, Provincial and sector departments. This structure's aim is to build the capacity in the local municipalities towards implementing Economic Development Programmes.

Four (4) coastal local municipalities in the district attended the Small Harbour and Coastal Property Development conference and the district municipality supported them to develop investment plans for the conference.

The SBDM also facilitated three Independent Power Producers forums during the financial year. The District municipality was requested by the Provincial Government to assist in this regard. This is due to the fact that most of the windfarms in the province are located in the district.

The first draft of the tourism master plan project which was rolled over into the 2018/19 financial year has been completed. The final version will be submitted to Council in 2019/2020 for adoption. The tourism marketing strategy was reviewed and implemented for the district. The SBDM participated in three (3) exhibitions – one of which was in Shanghai and two (2) seasonal campaigns were undertaken. Six (6) SMMEs in the tourism sector were financially supported.

The creative industry strategy was approved. The District Municipality contributed to the National Arts Festival. The funding was to be used for specific programmes which are related to the festival. The SBDM also financially supported the Fingo and Amanzi Festivals. There are many other festivals that occur in the district and the district also supported these festivals.

In the period of review no agricultural mentorship programmes were supported. It was indicated in the previous Annual Report that an Agri-park will be established in Addo, Sundays River Valley area. This project is now been cancelled due to the lack of funding from the Department of Rural Development and Land Reform.

With regards to the review of the Ndlambe zoning scheme in terms of SPLUMA, the final zoning scheme Ndlambe report was concluded and approved by the Ndlambe municipal council. The scheme has been gazetted and its implementation date is 1 July 2019. The project on the reviewal of the SBDMs Spatial Development Framework has been moved to the 2019/2020 financial year. This was due to the SBDM prioritising support to LMs to draft their own SDFs.

The District Municipality has a development agency. Various initiatives have been embarked upon the agency in the 2017/2018 financial year. The report on implementation of the programmes and the financial performance of the agency is reflected elsewhere in this Annual Report.

## **MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT**

As indicated earlier, the organogram was approved on the 4 July 2018. The number of positions in the intuition actually decreased. Some duties were consolidated in existing positions. Some new positions were created. As a result job descriptions for such posts had to be developed. These job descriptions now have to be evaluated. This is a long and tedious task and would be finalised in the 2019/2020 financial year. As a result many of the positions were vacant in the municipality during the course of the year.

In the previous Annual Report it was indicated that the Job Evaluation Unit was established. It was also indicated that the unit will evaluate all posts in the local municipalities and the district municipality. Many

difficulties have been encountered in this financial year and progress has been very slow. As a result the SBDM appointed a service provider to compile or review the job descriptions of all positions in the seven LMs and the SBDM.

Institutional development is also a major priority. The district municipality needs to employ skilled personnel who are able to support local municipalities and deal with the various challenges that face the area. The District Municipality embarks on training in accordance with the Workplace Skills Plan.

The staff complement of the district consists of seventy seven employees, including six interns. There are presently forty three females and thirty four males employed at the institution as the end of June 2019. The District Municipality exceeds all its targets in the Employment Equity Plan.

### **SUPPORT TO LOCAL MUNICIPALITIES**

According to Section 83(3) of the Municipal Structures Act (MSA) No.117 of 1998, district municipalities have an obligation to assist local municipalities within their demarcated areas by building their capacity to perform their functions and exercise their powers where such capacity is lacking.

Capacity Building and Support to the seven Local Municipalities in the District is of primary importance to Sarah Baartman District Municipality and is one of its main focus areas. The main aim of the Capacity Building Strategy is to build in house capacity in local municipalities in the District and to support them so that they can perform their functions and strengthen their institutional and corporate governance systems.

The function of building the capacity of local municipalities is entrusted to the Municipal Manager and the three Directors. Hence capacity building initiatives are performed and/or managed in all Departments of the SBDM.

The support rendered to local municipalities is reflected elsewhere in this Annual Report.

### **FINANCIAL OVERVIEW**

The Municipality's Statement of Financial Position for the year ended 30 June 2019 indicates that the Municipality is still maintaining a strong financial position through practical and sensible financial management approaches and effective corporate governance strategies.

Its cash management record over many years is excellent and the unappropriated surplus (R188,6m) is fully cash backed as detailed below:

	<b>Cash Backed Unappropriated Surplus Balance 30 June 2018 R/m</b>	<b>Cash Backed Unappropriated Surplus Balance 30 June 2019 R/m</b>
General (includes post-employment medical benefit provision of R65,4m)	172,3  (includes an amount of R59,9 m which is ring-fenced for long term medical benefit liabilities and is not available for allocation)	188,6  (includes an amount of R59,9 m which is ring-fenced for long term medical benefit liabilities and is not available for allocation)
<b>TOTAL</b>	<b>187,3</b>	<b>188,6</b>

The Council had a loss of R1,3m (2018: R6,8m - deficit) in the financial year for the institution. This was mainly due to the high expenditure of infrastructure-related projects and other projects. Income for the year amounted to R112, 1m (2018: R111,0m), whilst expenditure on projects and services stood at R113,4 (2018: R104,2m).

The District Municipality's final adjusted budget amounted to R179,3m. The under spending on the operating budget is due to slow implementation on infrastructure-related projects and other projects funded from the operating account.

The revenue is made up of external and internal sources of income. The external source of income consists mainly of unconditional grants consisting of the Levy Replacement Grant and Equitable Share amounting to R64m (2018: R62,2m) and R24,2m (2018: R22,6m) respectively. The Municipality generates its own internal income from mainly interest income and rentals which amount to R16,6 (2018: R16,3m) and R1,4 m (2018: R1,4 m) respectively. The budget is spent on the operational and capital expenditure. The largest expenditure from the operating budget emanates from Payroll Costs which amounted to R41,7m(2018: R43,3m). Due to the nature of its functions, the Council does not have its own revenue streams and is almost totally dependent on grant funding.



**D M PILLAY**  
**MUNICIPAL MANAGER**

## **1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW**

### **INTRODUCTION TO BACKGROUND DATA**

The Sarah Baartman District Municipality (SBDM), is the largest (58 243 km<sup>2</sup>) of the six (6) District Municipalities in the Eastern Cape Province. The District is situated in the western portion of the Province, bordering the Western Cape, Northern Cape and two other District Municipalities in the Eastern Cape, namely Chris Hani District Municipality and Amathole District Municipality.

The District consists of seven (7) local municipalities and three other portions that are National Parks, namely the Addo Elephant National Park, the Tsitsikamma National Park and Camdeboo National Park. These parks are managed by the South African National Parks Board<sup>1</sup>. There are seven Category "B" municipalities in the district. The district wholly surrounds the Nelson Mandela Metropolitan Municipality (NMMM), except on the coastal side. Consequently, access via land to the Nelson Mandela Metro is through the Sarah Baartman district.

The Sarah Baartman District constitutes approximately 6,9% (community survey 2016 stats) of the population of the Eastern Cape Province. The District is dominated by a Karoo landmass resulting in low population densities and scattered, small inland towns. There are higher densities along the coast and in urban centres.

Services in the Sarah Baartman District are primarily rendered by the local municipalities. The District Municipality invests in its Local Municipalities in terms of infrastructure; community services; economic development and capacitating Local Municipalities.

Unemployment in the Sarah Baartman District is estimated at 40,484 (17.77%), as per community survey 2016 figures. Census 2011 estimated unemployment in the Sarah Baartman District at 22%. However, this figure excludes discouraged job seekers. This shows that there has been a drop on unemployment between 2011 and 2016 in the district. Based on recent surveys of STATS SA as well as by ECSECC indicate that this figure has increased steadily due to the poor economic climate that South Africa currently finds itself in. Due to its rural nature, a large proportion of the population in the Sarah Baartman District is employed in the Agriculture sector. There has also been a significant growth in the Tourism sector with resultant employment opportunities.

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<sup>1</sup>The National Parks in the District do not form part of the 2010 demarcation exercise. All national parks are excluded from disestablishment.

POPULATION DETAILS AND SETTLEMENTS IN SARAH BAARTMAN DISTRICT

Local Municipalities	Main Settlements	Census 2001	Census 2011	Community Survey 2016
Dr Beyers Naude	Graaff-Reinet, Jansenville, Willowmore	70074	79291	82197
Blue Crane Route	Somerset East, Cookhouse, Pearson	35015	36002	36063
Makana	Grahamstown, Aicedale, Riebeeck-East	74541	80390	82060
Ndlambe	Port Alfred, Kenton-on-Sea, Bushmans River, Alexandria	55480	61176	63180
Sundays River Valley	Kirkwood, Addo, Paterson	41582	54504	59793
Kouga	Jeffreys Bay, Humansdorp, Hankey, Patensie, St Francis	70693	98558	112941
KouKamma	Joubertina, Kareedouw, Louerwater	34294	40663	43 688
SBDM		388204	450584	479922

Households

HOUSEHOLDS BY DWELLING UNIT TYPE - DR BEYERS NAUDE, BLUE CRANE ROUTE, MAKANA, NDLAMBE, SUNDAYS RIVER VALLEY, KOUGA AND KOU-KAMMA LOCAL MUNICIPALITIES, 2016 [NUMBER]

	Very Formal	Formal	Informal	Traditional	Other dwelling type	Total
Dr Beyers Naude	11200	9850	893	123	105	22171
Blue Crane Route	4460	5500	398	41	35	10434
Makana	10700	9580	1780	872	145	23077
Ndlambe	6950	11500	1990	800	159	21399
Sundays River Valley	5180	9560	2050	570	185	17545
Kouga	20500	6700	7800	497	709	36206
KouKamma	8740	2950	824	154	86	12754
<b>Total Sarah Baartman</b>	<b>67730</b>	<b>55640</b>	<b>15735</b>	<b>3057</b>	<b>1424</b>	<b>143586</b>

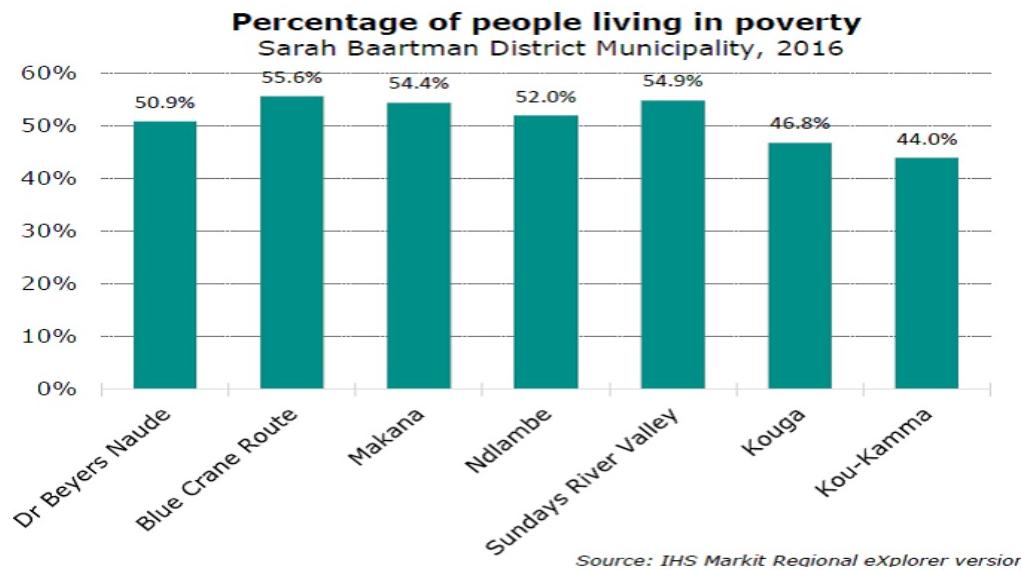
Source: IHS Markit Regional eXplorer version 1156

## **Socio Economic Status**

### **Poverty**

The level of poverty in the District is high, as a result of the lack of employment opportunities:

**Figure 2.4: Poverty Overview**

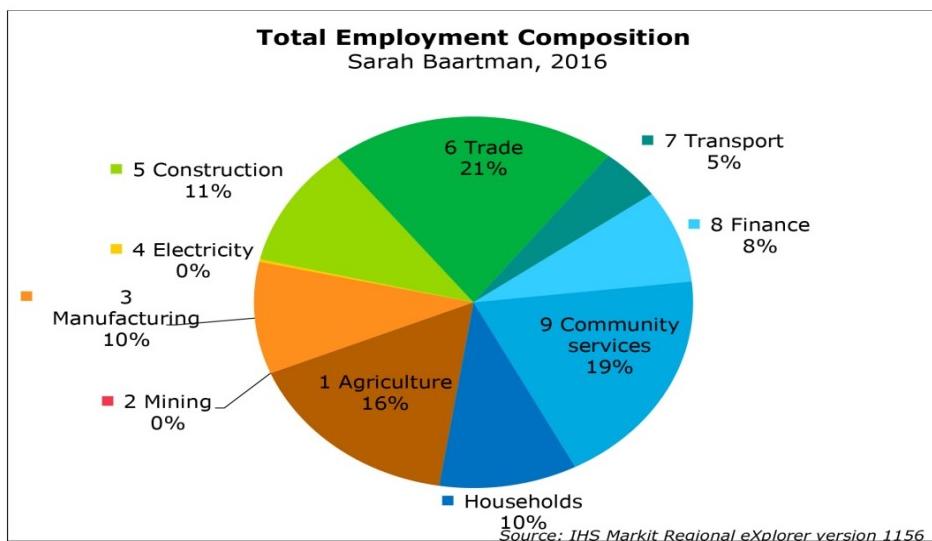


Very serious poverty (where people live on less than \$2 or R 14 – R 18 per day) is rapidly declining, possibly due to the roll out of social grants in South Africa.

## **Employment**

The District's major employer is Trade (which includes retail and tourism), Community Services (which includes government) and then followed by Agriculture.

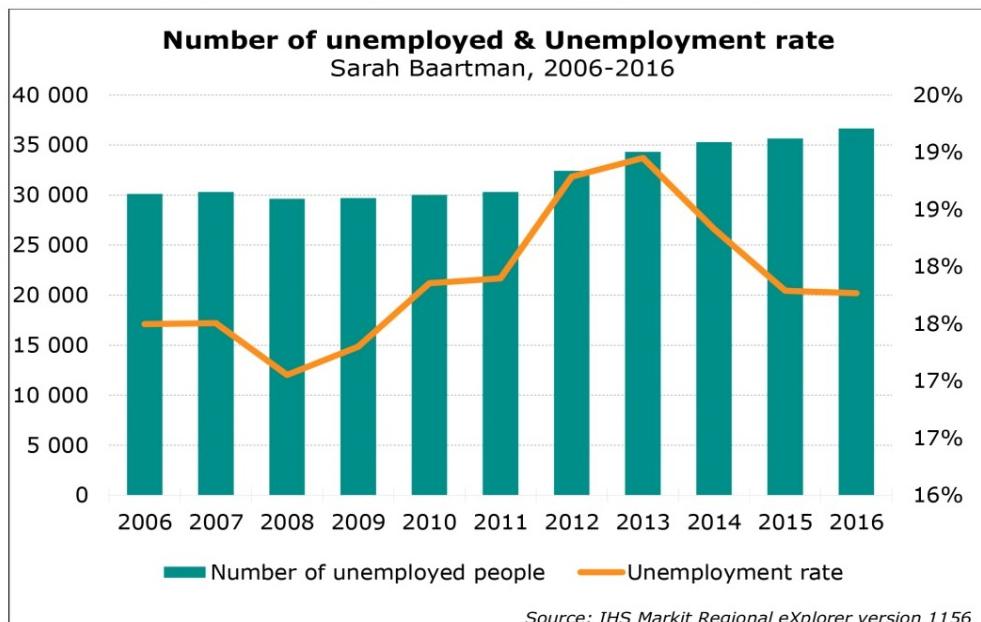
**Figure 2.5: Total Employment composition**



The total estimated number of employed people in the Sarah Baartman District Municipality is 170 000, including both the formal and informal employment sectors. In SBDM the economic sectors that recorded the largest number of employment (in 2016) was the trade sector with a total of 36 000 employed people or 21.2% of total employment in the district municipality. The community services sector with a total of 32 500 (19.1%) employs the second highest number of people relative to the rest of the sectors. The mining sector with 35.3 (0.0%) is the sector that employs the least number of people in the Sarah Baartman District. The number of formally employed people in Sarah Baartman District accounted for 126 000 in 2016, which is about 74.2% of total employment, while the number of people in the informal sector counted 43 700 or 25.73% of the total employment. Informal employment in the Sarah Baartman District increased from 43 100 in 2006 to an estimated 43 700 in 2016 (Sarah Baartman District Municipality Socio-Economic Review and Outlook 2017).

## Unemployment

Total Number of unemployed and unemployment rate Employment composition



In 2016, there were a total number of 36 600 people unemployed in Sarah Baartman, which is an increase of 6 530 from 30 100 in 2006. In 2016, the unemployment rate in Sarah Baartman District Municipality (based on the official definition of unemployment) was 17.77%, which is an increase of 0.269 percentage points. The unemployment rate in Sarah Baartman District Municipality is lower than that of Eastern Cape (Sarah Baartman District Municipality Socio-Economic Review and Outlook 2017).

## NATURAL RESOURCES

The agriculture sector consists of both livestock and crop farming. The products from the livestock side include mohair, wool, skins, dairy and meat. Citrus is a major contributor to the GDP of the district. Other fruit farming activities include deciduous, pineapple.

## **1.3. SERVICE DELIVERY OVERVIEW**

### **SERVICE DELIVERY INTRODUCTION**

Services in the Sarah Baartman District are primarily rendered by the local municipalities. These include water, sanitation, electricity, road maintenance and community services.

The District Municipality is responsible for Environmental Health and Fire Services in terms of section 84(1)(i) and section 84(1)(j) of the Municipal Structures Act, respectively. Agency agreements have been entered into with the seven local municipalities in the District to render these services.

### **PROPORTION OF HOUSEHOLDS WITH ACCESS TO BASIC SERVICES**

This information is available from the Annual Reports of local municipalities, as the local municipalities in the Sarah Baartman District are responsible for basic services.

## **1.4. FINANCIAL HEALTH OVERVIEW**

FINANCIAL OVERVIEW – See Executive Summary: Municipal Manager's Overview page 10-16

OPERATING RATIOS – See KPA 4 page 153.

TOTAL CAPITAL EXPENDITURE: YEAR 2017/2018 TO YEAR 2018/2019 – See Notes 10 to 13 of Annual Financial Statements

CAPITAL EXPENDITURE – The District Municipality's capital expenditure is only linked to assets used for operations and excludes infrastructural assets. All infrastructural assets through the implementation of capital projects, is capitalised by the local municipalities.

## **1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW**

### **ORGANISATIONAL DEVELOPMENT PERFORMANCE**

In October 2016, the Council resolved to place a moratorium on the filling of all vacancies with the sole intention of developing a new organogram that will ensure that the municipality fulfils its mandate in accordance with the Municipal Structures Act in a sustainable manner.

At the Strategic Planning session in November 2016, a number of strategies were adopted that could impact on the organisational structure. A very important proposal adopted was to focus on long term financial sustainability and to reduce appropriations for infrastructure and other projects. The new focus will be to provide more hands-on support to the local municipalities to improve their service delivery and financial management and ensuring the sustainability of the local municipalities.

In October 2017 Council approved the macro structure whereby the Department of Infrastructure Development and Community Services was created. In addition the Department of Planning and Economic Development was also created. The two new Directors were appointed on the 1 January 2018. However the positions below that of the Directors were not finalized in 2017/2018. A lot of discussion between Management, councilors and the labour unions on the positions occurred during that financial year. The draft organogram included a number of positions that were created, some positions merged and other positions totally abolished. Internal Audit and Risk Management were moved to the Office of the Municipal Manager. The organogram was finally approved on the 4 July 2018. It is envisaged that the organisational changes will result in the improvement of institutional performance and enhance the support to the local municipalities.

The Municipal Manager was requested to assist Makana Local Municipality (appointed as the Acting Municipal Manager of Makana Local Municipality) for 5 months of the previous financial year and July 2018. He returned to continue with his duties on 1 August 2018. The Director: Finance and Corporate Services is designated as the Chief Financial Officer.

## **1.6. AUDITOR GENERAL REPORT**

The Sarah Baartman District Municipality received an unqualified audit report with findings in respect of the 2018/2019 financial year. This is the third consecutive year that the SBDM has received an

unqualified audit report, following three years of achieving a clean audit report. The full audit report is contained in Chapter 6 of this annual report – Page 106-113.

The District Municipality operated in a very stable political environment. The governance structures were all in place and operated effectively.

There are effective internal controls and systems which result in reliable information.

## 1.7. STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Time Frame
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July 2019
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit Draft Annual Report 2018/2019 to Internal Audit and Auditor-General	August 2019
5	Mayor tables the unaudited Annual Report	
6	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	August 2019
7	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
8	Auditor General audits draft Annual Report including consolidated Annual Financial Statements and Performance data	September/October 2019
9	Municipalities receive and start to address the Auditor General's comments	
10	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report	December 2019 January 2020
11	Audited Draft Annual Report is made public and representation is invited	
12	Oversight Committee (MPAC) assesses Annual Report	
13	Council adopts Oversight report	February/March 2020

14	Oversight report is made public	
15	Oversight report is submitted to relevant provincial councils	
16	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	January 2020

**COMMENT ON THE ANNUAL REPORT PROCESS:**

For the prior years there has been alignment between the IDP and Budget. Programmes and projects of the IDP are reflected in the Service Delivery and Budget Implementation Plan (SDBIP) and feed into the Performance Management Agreements of senior officials. Performance Management is executed throughout the institution and all employees have Performance Agreements.

## **CHAPTER 2**

### **CHAPTER 2 - GOVERNANCE**

#### **INTRODUCTION TO GOVERNANCE**

All spheres of government must provide effective, transparent, accountable and coherent government for the Republic of South Africa to secure the well-being of its people and the progressive realisation of their rights to a healthy environment, water, housing, sanitation, refuse collection, health care services, education and social security. This is in line with the objectives of the Constitution and other pieces of legislation.

Evaluating the ongoing effectiveness of public officials or public bodies ensures that they are performing to their potential, providing value for money in the provision of public services, instilling confidence in the government and being responsive to the community.

#### **COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE**

##### **INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE**

The SBDM recognises that good governance is a key priority in the District. The SBDM also embraces the principles of the Back to Basics programme that emphasises good governance. A number of governance structures exist in the municipality.

#### **2.1 POLITICAL GOVERNANCE**

##### **INTRODUCTION TO POLITICAL GOVERNANCE**

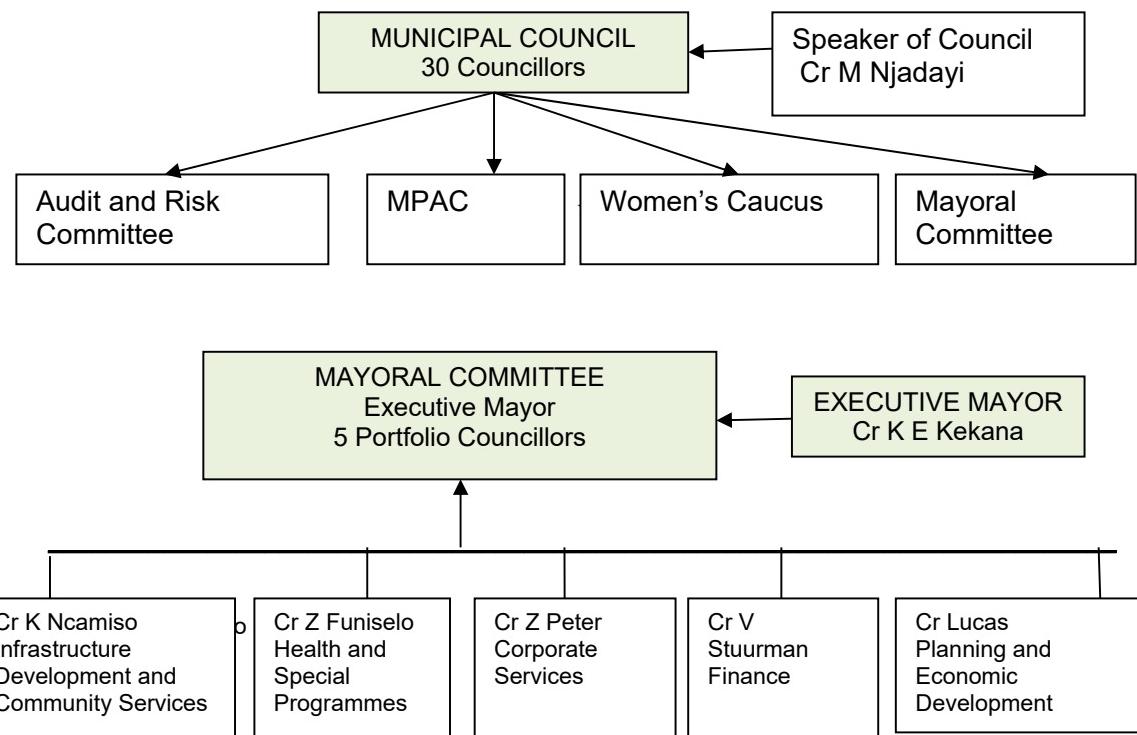
The Council is the highest decision making body in the municipality. The Council is ultimately responsible for the approval of the IDP and Budget and other important decisions of the institution, such as the approval of policies. The Council is led by the Speaker (Cllr M. Njadai). The Speaker was appointed in December 2018, following the resignation of the former Speaker Cllr N. Pieters.

The SBDM has an Executive Mayoral system which allows for the exercise of executive authority through an Executive Mayor in whom the executive leadership of the municipality is vested. The Executive Mayor (Cllr K.E. Kekana) is assisted by a Mayoral Committee. This committee is responsible for most of the day to day decisions of the municipality.

There is an Audit and Risk Committee (Section 79 Committee) that provides oversight over the financial affairs and performance and risks faced by of the institution. A report from the Audit Committee is included in this Annual Report. There is also an Anti-Corruption and Fraud Prevention Committee which is a sub-committee of the Audit and Risk Committee.

The SBDM has a Municipal Public Accounts Committee (MPAC), which comprises of non-executive councillors. The MPAC also oversight various reports from the Council and Audit Committee and conducts assessment and verification of projects implemented by the SBDM.

One of the tasks of the MPAC is to assess the Annual Report and to provide recommendations thereon. The MPAC report will be published separately in accordance with MFMA guidelines.



Following the National and Provincial Elections in May 2018, Cllr Peter was elected as a Member of Parliament.

## COUNCILLORS

The SBDM has 30 councillors, 18 of which represent local municipalities and 12 of whom are proportional representative councillors. The Chairperson of the Municipal Public Accounts Committee, Cllr V Camellio- Benjamin was elected to the Provincial Legislature following the National and Provincial Elections in May 2019. A full list of councillors can be found in **Appendix A** page 117.

There are no portfolio committees. All matters are entrusted to the Mayoral Committee. However, there are many structures that exist that allow other councillors to participate, i.e. the District Wide Infrastructure Forum, District Support Team for Economic Development etc.

## **POLITICAL DECISION-TAKING**

**The Speaker** is in charge of the legislative arm of the municipal council. This means that he guards the integrity of the legislative process and plays an important role in the oversight that the council must exercise over the actions of the executive. He is also responsible to ensure that the municipality fulfills its public participation responsibilities.

All decisions are taken by the Council, or the Executive Mayor in consultation with the Mayoral Committee, or senior officials in terms of authority delegated by legislation and/or the delegations of authority. The delegation of authority was revised during the period under review and adopted by the Council on 29 May 2019. Council has delegated a considerable amount of authority to the Executive Mayor. The Mayoral Committee also makes recommendations to Council on matters which have not been delegated to it.

As the executive authority of the council, **the Executive Mayor** provides political guidance over the budget and financial affairs as well as the implementation of policy of the municipality.

All decisions of Council are implemented by the **Municipal Manager** and Management.

## **2.2 ADMINISTRATIVE GOVERNANCE**

### **INTRODUCTION TO ADMINISTRATIVE GOVERNANCE**

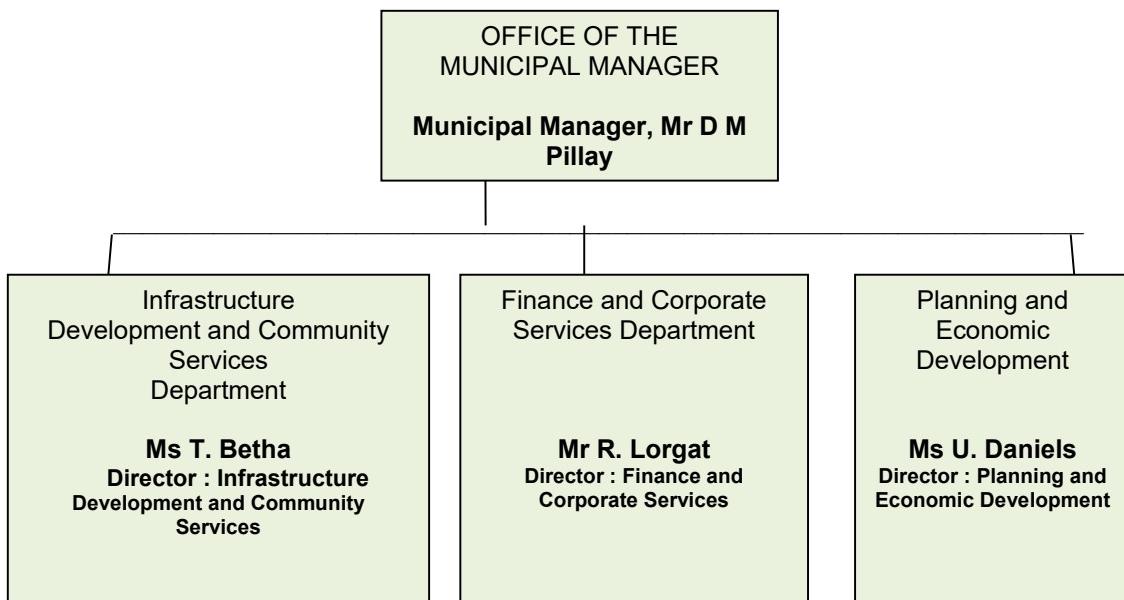
The Municipal Manager is the accounting officer of the municipality for the purposes of the Municipal Finance Management Act and provides guidance on compliance with this Act and all other legislation applicable to local government, to political structures, political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality.

The Office of the Municipal Manager is the driving force behind the Sarah Baartman District Municipality's administration and integrates all the different components of the municipality into its strategic and operational plans. The Municipal Manager is also responsible to support the Office of the Executive Mayor and the Office of the Speaker.

The Municipal Manager is ultimately responsible for administration of the institution. There are three departments in the institution, namely Finance and Corporate Services, Infrastructure Development and Community Services as well as Planning and Economic Development. They are more or less aligned in terms of the development priorities of the Municipality. There are also some functions entrusted to the Office of the Municipal Manager. These include:

- Capacity building and support to LMs
- Special programmes (youth, women and persons living with disabilities);
- Intergovernmental relations;
- Communication;
- Performance management;
- Internal Audit;
- Risk Management;
- HIV and Aids;
- Public Participation and Moral Regeneration and other programmes

As indicated earlier in this Annual Report, the organogram was the subject of much revision in the previous financial year and was finally adopted on the 4 July 2018.



Mr Pillay was again appointed 1 March 2017 on a five year contract. He is currently serving as Municipal Manager for the past seventeen years. The Director: Planning and Economic Development (Ms U. Daniels) and Director: Infrastructure Development and Community Services (Ms T. Betha) were appointed on 1 January 2018 on five year contracts. The Director: Finance and Corporate Services (Mr R. Lorgat) was appointed on 1 September 2016 on a seven year contract. Annually the Municipal Manager and the Directors are required to enter into performance agreements with the municipality.

## **COMPONENT B: INTERGOVERNMENTAL RELATIONS**

### INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

The SBDM recognises the importance of Intergovernmental Relations to improve service delivery to communities. Success in delivering government to the people requires an integrated approach in which the three spheres of government work in collaboration and partnership with each other in terms of the principles of co-operative governance and intergovernmental relations.

## 2.3 INTERGOVERNMENTAL RELATIONS

### NATIONAL INTERGOVERNMENTAL STRUCTURES

The SBDM participates in the political as well as technical structures of the Department of Rural Development and Land Reform. The SBDM also participates in the meetings and workshops called by National Departments and SALGA.

### PROVINCIAL INTERGOVERNMENTAL STRUCTURES

The SBDM participates in the following Provincial Intergovernmental Structures:

- Premier's Co-ordinating Forum (4 meetings attended)
- Political MUNIMEC comprising Province and all local municipalities in the Eastern Cape Province (4 out of 4 meetings attended)
- Provincial Speakers' Forum (3 meetings attended)

All of the above structures are supported by a Technical Structure which is attended by senior officials including the Municipal Manager.

In addition the district municipality participates in forums that are dedicated for a specific purpose. These include:

- Provincial Steering Committee on EPWP – 3 out of 4 meetings attended.
- Provincial Disaster Management Advisory Forum – 3 out of 4 quarterly meetings attended
- Provincial Forum on Environmental Health – 2 quarterly meetings attended.
- Provincial Forum for Planning (3 meetings attended),
- Provincial Legal Services Forum (1 out of 4 quarterly meetings attended),
- Provincial Information, Communication and Technology Forum (2 out of 4 quarterly meetings attended)
- Provincial Communicators Forum – 1 quarterly meeting attended.

Meetings of the above structures are convened by the Provincial Government. In addition, the Council is represented on all SALGA Working Groups in the Eastern Cape.

### RELATIONSHIP WITH MUNICIPAL ENTITIES

The SBDM has a Municipal entity, i.e the Cacadu District Development Agency (CDDA). The entity was established on 1 July 2013. Their primary priority is to deal with the socio-economic challenges that face the District, and to embark on projects and programmes to foster economic growth and job creation. The relationship between the SBDM and its municipal entity is governed by a Service Level Agreement, which sets out the roles and responsibilities of both parties, including –

- Main development objectives
- Reporting lines
- Monitoring of implementation of main development objectives and related performance objectives
- Financial management
- Compliance with legislation

## **DISTRICT INTERGOVERNMENTAL STRUCTURES**

In order to comply with legislative requirements and fulfill its obligations in terms of co-operative governance and intergovernmental relations, the Sarah Baartman District Municipality has established a number of internal structures and systems, including:

- an intergovernmental forum which complies in all respects with the requirements of the Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005)
  - the Sarah Baartman District Mayors' Forum (DIMAFO)
- a number of technical support structures in terms of the aforementioned Act, for example
  - Municipal Managers' Forum
  - Chief Financial Officers' Forum
  - District Communicators Forum
  - District Wide Infrastructure Forum
  - District Support Team for Local Economic Development
- various other District-wide intergovernmental forums for specific purposes, e.g.
  - IDP Forum
  - Sarah Baartman District Health Authority (SBDHA)
  - District HIV and AIDS Council
  - Speakers' Forum
  - EPWP Regional Steering Committee

The SBDM has adopted an Intergovernmental Relations policy which sets out the terms of reference of each of its IGR Forums.

## **COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION**

### **OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION**

The function of public participation resides mainly in the Office of the Speaker. However, these exercises are sometimes carried out by departments or cross-departmental task teams, depending on the nature of the information to be disseminated. Several engagements with communities have also occurred. Issues covered during these engagements include service delivery challenges at local municipalities, for example educational challenges at schools, public hearings on legislative changes. SBDM conducted thirteen IDP/Budget outreaches to Local Municipalities. The Office of the Speaker also arranged screenings for communities of the State of the Nation and State of the Province addresses as well as screenings of the National and Provincial Budgets.

In addition to public meetings, the SBDM has a Communication Division which is responsible to supply its communities with information concerning all matters relating to the District Municipality. Information relating to this function has been added to this Component as 2.5A.

## 2.4 PUBLIC MEETINGS

### COMMUNICATION, PARTICIPATION AND FORUMS

#### **District Public Participation**

The SBDM's primary constituents are its local municipalities. Engagements with local municipalities occur through the intergovernmental structures as indicated previously. In February 2019, the SBDM had an extensive strategic planning session with its local municipalities. The outcome of this session has shaped the IDP and Budget for 2019/2020. The SBDM also engages with stakeholders other than local municipalities. These include organized Agriculture, Non-Governmental Organisations, Organized Business and organisations that serve specific interest groups. The SBDM's interaction with communities is normally done in consultation with the local municipalities.

#### **Mayoral Committee IDP and Budget Outreach to Local Municipalities**

The Mayoral Committee and officials of the District Municipality once again conducted IDP/Budget outreach in the seven local municipalities in the District during April/May 2019. The purpose of the outreach was to present the draft IDP and Budget of the District Municipality to the Councillors and stakeholders of each local municipality. Sessions were held with local municipality councillors and stakeholders representing various community groups, who were given an opportunity to raise issues. Issues that are highlighted are responded to and dealt with by referring them to the relevant sphere of government.

#### **Moral Regeneration Movement (MRM)**

The District Municipality established its District MRM Forum and it is functional as it meets regularly and implements its programmes according to the plan of action that was developed. The District Forum also championed the establishment of local MRM structures.

Both the District structure and the local structures agreed on the various programmes that will be implemented in the local municipalities, and all conducted programmes are aimed at reviving moral fibre amongst communities in the region.

The District hosted MRM programmes in all seven LMs.

The district municipality launched the local MRM structures in all the municipalities with the exception of Makana Local Municipality.

#### **Other engagements during the year included:**

- Screening of State of the Nation address
- Screening of State of the Province address
- Screening of the National Budget Speech
- Screening of the Provincial Budget Speech
- Outreaches by MEC's to the district.

### WARD COMMITTEES

Not applicable to the District Municipality.

## 2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 56 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 <i>Municipal Systems Act 2000</i>	

## **2.5A COMMUNICATION AND PUBLIC RELATIONS**

### **COMMUNICATION**

The Sarah Baartman District Municipality has developed communication as a strategic function and has established effective communication systems and structures. During the 2017/2018 there was extensive consultation on the organogram of the municipality as to whether the institution is appropriately structured to carry out its functions. The post of the Public Relations Officer was abolished and replaced with that of a Communication Officer. The public relations duties will be performed by the Communication Officer. [The organogram was approved on the 4 July 2018]. As this is a new post, a job description was compiled and submitted for evaluation. This is a protracted process and it is anticipated the post will be filled only in the 2019/2020 financial year. The incumbent will be required to develop and implement planned communication programmes. The incumbent will report directly to the Municipal Manager.

The communication strategy of the Sarah Baartman District Municipality is reviewed every five years. It was compiled in the 2016/17 financial year. It was compiled in consultation with Government Communications and Information Systems (GCIS). The strategy is aligned to the Integrated Development Plan (IDP) in that the development priorities of the Sarah Baartman District Municipality inform the messaging, themes and channels of communication. The strategy will be reviewed early in the 2019/2020 year to align itself with the local government and other spheres of government Medium Term Strategic Framework (MTSF), which sets out the actions Government will take, the targets that need to be achieved and provides a framework for the other plans of national, provincial and local government.

#### **Communication objectives**

The communication objectives of the Sarah Baartman District Municipality seek to support and express the priorities contained in the MTSF, which feeds into the overall vision of the Sarah Baartman District Municipality to be an innovative and dynamic municipality striving to improve the quality of life for all our communities in the District. The communication objectives therefore include the following:

1. To increase understanding of the work, role and mandate of the Sarah Baartman District Municipality amongst both internal and external stakeholders in the district.
2. To encourage public participation in government processes in the development and implementation of policies.
3. To generate and maintain good relationships with the media and other stakeholders.
4. To manage potential risks faced by the Sarah Baartman District Municipality within the local government space.
5. To manage the reputation of the Sarah Baartman District Municipality.
6. To influence negative perceptions of stakeholders by continually communicating service delivery achievements and successes.
7. To facilitate and encourage two-way communication between the Sarah Baartman District Municipality and its stakeholders, both internal and external.
8. To increase understanding of the work, role and mandate of the Sarah Baartman District Municipality amongst both internal and external stakeholders across the District.

In the 2018/2019 financial year, the communication strategy continued to serve as a guideline for all related matters. The communication action plan is reviewed on an annual basis and maintained as and when it is necessary. The latter serves as a guide in respect of municipal programmes and events that require communication support or intervention.

A total of 3 official District Communicators Forum meetings were convened, with participation by both government departments and Local Municipalities.

The various components of the communication function have been decentralized within the institution, with the different responsibilities being assigned as follows:

	<b>Responsibility</b>
<b>Media Relations</b> Media statements on behalf of the Municipality, Opinion Pieces & Articles Media Relations and Liaison (Council meeting, Agendas, Media Briefings)	Communication Officer (MM is the official spokesperson)
<b>Communications Research</b> Content Development and Management Media Monitoring and Communication Environmental Analysis  Speech Writing  Website Content Management  Branding and Corporate ID Distribution of key messages for Campaigns and Projects	Communication Officer Communication Officer  MM's Office  Communication Officer  Communication Officer Communication Officer
<b>Corporate Communications and Marketing</b> Internal and External Communications (Community newspaper and internal newsletter)  Marketing (institution and its services)  Events Management  Convening the District Communicators Forum and Support to Local Municipalities	Communication Officer  Communication Officer  Communication Officer, Speaker's Officer, MM's Office  Communication Officer
<b>Outreach and Community Liaison</b> Inter-Governmental Relations  Outreach Programmes  Community Liaison  Imbizo  Stakeholder's Liaison and Mobilization  Local Government Communication	Municipal Manager  Speaker's Office  Speaker's Office  Speaker's Office  Speaker's Office  Speaker's Office

Public Relations function includes all activities related to communication, marketing, publicity and media co-ordination for the Municipality and the District (geographical area). It includes:

- Promoting the Municipality by providing sufficient information to the public and staff about Municipal issues.
- Coordinating municipal events such as project launches and handovers.

- Promoting and managing the Municipality's corporate identity and public image.
- Formulating and maintaining the Municipality's Communication Strategy, while also assisting the Local Municipalities in this regard.
- Stakeholder management and media liaison.
- Production of the quarterly community newspaper.
- Internal communication.
- Photography and branding.

**Strategic objectives:**

- Build good relationships between the Municipality and identified target publics (internal as well as external) and stakeholders.
- To further public understanding about the Municipality's services, policies, procedures, goals and activities.
- To uphold the image and reputation of the Municipality.

**Key issues for 2018/2019 financial year:**

- The publication of four issues of *Sarah Baartman News*, the official external newspaper of the Sarah Baartman District Municipality.
- Continuous monitoring of the media and media liaison relevant journalists and community newspapers and radio stations.
- Supporting local municipalities as and when required with communication related matters, assessing their communication needs and assisting wherever the need arises.
- Updating and maintenance of the municipal website of the Sarah Baartman Municipality and ongoing communication with stakeholders on social media platforms.
- Providing communication, branding and media support to district events.
- Development and implementation of media campaigns for municipal programmes.
- Annual coordination of the design and production of branded calendars and diaries including stationery.

**Number of personnel associated with the Communication function:**

1 Communication Officer [Vacant]

**COMPONENT D: CORPORATE GOVERNANCE**

**OVERVIEW OF CORPORATE GOVERNANCE**

Corporate governance is the system of rules, practices and processes by which an institution is directed and controlled. Corporate governance essentially involves balancing the interests of all stakeholders. Since corporate governance also provides the framework for attaining an institution's objectives, it encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure.

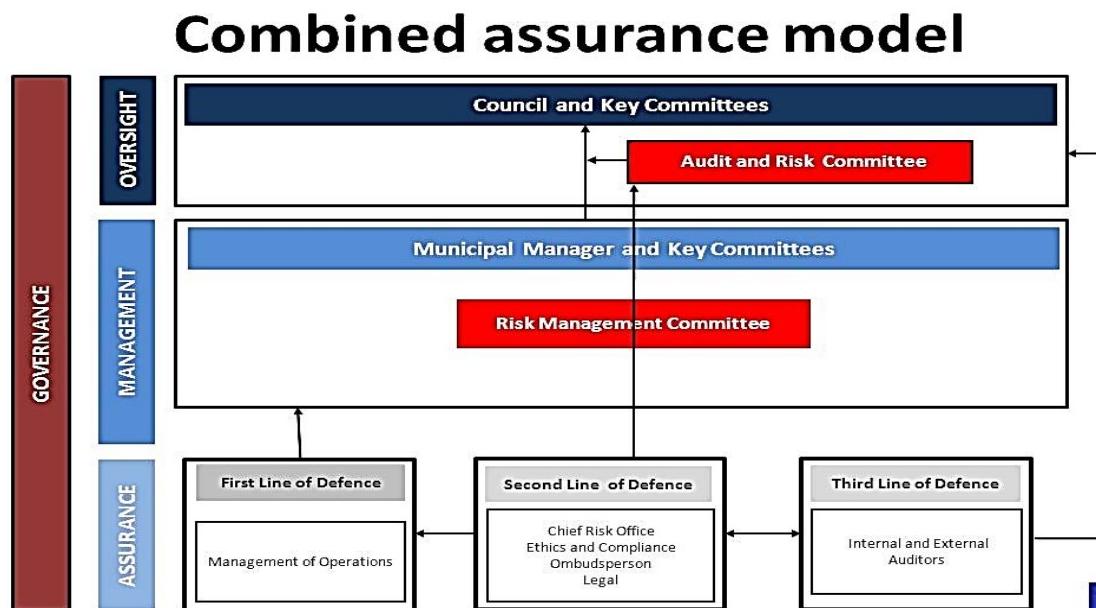
The municipality has incorporated the combined assurance model to a great extent but acknowledges that the ultimate model is yet to be achieved.

The municipality understands the Combined Assurance Model as incorporating and optimising all assurance services and functions so that, taken as a whole, these enable an effective control environment, support the integrity of information used for decision-making by management, the governing body and its committees; and support the integrity of the organisation external reports.

Some of the benefits envisaged by the implementation of this model is as follows –

- Coordinated and relevant assurance efforts are directed to the risks that matter most.
- Commitment to enhance controls is demonstrated.
- Dashboards that provide an integrated, insightful view.
- Assurance activities produce valuable, integrated data, based on collaboration and not silos.
- Reduction in assurance costs through elimination of duplication and better resource allocation.
- Resources are not wasted on unnecessary duplication.
- A reduction in the repetition of reports by different committees, resulting in improved and more efficient reporting.
- A comprehensive and prioritised approach in tracking of remedial actions on identified opportunities/weaknesses.
- Clarity on risk and audit.

The municipality considers the combined assurance model depicted below as a good starting point where corporate governance can only be enhanced thereafter.



During the year under review the municipality operated fairly well within the combined assurance model and this can be demonstrated as follows:

### **Assurance**

Management - meetings were held regularly where the importance of governance matters was

emphasized and continuous monitoring occurred.

Internal Audit – an internal audit plan was approved by the Audit and Risk Committee. The plan was implemented and reports were tabled to the Audit and Risk Committee. Internal audit therefore functioned well during the financial year.

External Audit – the municipality was audited by the Auditor-General of South Africa. The municipality achieved an unqualified audit once again, refer to section 1.6

### **Management**

The Municipal Manager provides guidance on all operational matters when required.

A performance management system is implemented for all employees and employees must be reviewed on a quarterly basis – all key internal control and governance matters are incorporated into the performance plans of the employees.

Various committees has been set up to ensure good governance i.e. Mayoral Committee, Bid Adjudication Committee, Information Communication Technology Steering Committee, Integrated Development Plan Steering Committee, Budget Steering Committee, Investment Committee, etc.

### **Oversight**

Council – the Council met on the approved scheduled dates of Council. Matters are deliberated extensively in Council to ensure that Council's resolutions are in accordance with all laws and regulations. The Council has thus functioned well during the financial year.

Audit and Risk Committee – the Committee met on the approved scheduled dates and additional meetings occurred where required. The agenda of the Committee was reviewed to incorporate all pertinent reports to ensure that the Committee carries out its function in accordance with the law. The Audit Committee functioned well during the financial year.

Municipal Public Accounts Committee - the Committee met on the approved scheduled dates and additional meetings occurred where required. The Committee approved their annual plan and all reports required where availed to the Committee. The Committee also performs oversight on the Annual Report prior to approval by the Council.

### **Conclusion**

From the above, it is evident that the municipality is operating with a combined assurance model and that the current structures meet the minimum requirements.

The following improvements were identified and will be implemented in the following financial year –

The municipality acknowledges that risk management has not been managed effectively during the year under review and that processes must be put in place to improve risk management.

The municipality acknowledges that fraud and corruption is regarded as an inherent risk within our environment and that the necessary structures are not adequate or is not functional. Management will prioritise the establishment and functioning of the relevant structures.

## 2.6 RISK MANAGEMENT

Risk management is a systematic process to identify, analyse, assess, control and avoid, minimise or eliminate unacceptable risks.

Section 62(1)( c) of the MFMA places the responsibility on the Accounting Officer to take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of risk management. National Treasury has also provided guidance to municipalities on risk management and its implementation. It is important to note that Risk Management is the responsibility of the Accounting Officer and Senior Management.

Each year a risk management workshop is held to identify the strategic risks of the municipality. The Mayoral Committee, Management and Internal Auditors identify key risks which are then rated in terms of their probability and impact on the municipality. This process enables the Municipality to rank the risks in terms of priority and to develop appropriate strategies to mitigate risks. The Internal Auditors use the information in the risk register to draft the Internal Audit Plan.

The risk management workshop was held whereby the institutional risks were identified. These risks were then presented to Management where it was agreed that the individual risks identified overlaps the other risks and that the risk register must be further reviewed to eliminate any duplications. The risk register was not further reviewed due to the lack of resources resulting from the challenges within the municipality.

It was noted by the Audit and Risk Committee that risk management requires improvement within the municipality and oversight on risk management will thus be prioritized to ensure that the municipality manages its risks in a more effective manner.

## 2.7 ANTI-CORRUPTION AND FRAUD PREVENTION

The SBDM has an Anti-Corruption and Fraud Prevention Strategy. The municipality also has an Anti-Corruption and Fraud Prevention Committee in place which is chaired by the Chairperson of the Audit and Risk Committee. The Committee was not fully functional during the year under review. The matter of fraud was however discussed at each Audit and Risk Committee and it was agreed that the Internal Auditors investigate the possibility of addressing the Anti-Corruption and Fraud Prevention matters in the Audit and Risk Committee. The Committee did however meet once during the year with a clear intention of ensuring that the Committee becomes effective.

Awareness assessments are conducted and the Municipality was investigating the possibility of commissioning a Hotline for the SBDM and its seven LMs, where anybody can report instances of corruption, fraud and theft. This will receive further attention in 2019/2020. The Council has a Whistle Blowers Policy in place. Recommendations of the Audit Committee are included in the Council agenda and are freely available to members of the public.

The municipality intends to prioritise the matter of fraud and correction in the following year by ensuring that the proper structures are established and are functioning effectively.

## 2.8 SUPPLY CHAIN MANAGEMENT

### OVERVIEW SUPPLY CHAIN MANAGEMENT

In terms of paragraph 6 of the Supply Chain Management (SCM) Policy, the Council must maintain oversight over the implementation of this policy. The accounting officer must within 30 days of the end of each financial year, submit a report on the implementation of this policy to the council. The annual supply chain management report is submitted accordingly. In addition quarterly reports are also submitted to Council to ensure a high level of oversight is maintained.

The SCM unit is constantly striving to improve internal controls to ensure compliance at the highest level.

Two interns (from unemployed graduate programme) were appointed in the SCM Unit, as well as other interns, under the Municipal Finance Management Internship Programme (MFMIP).

The Supply Chain Management Accountant and officer was in place for the full duration of the financial year.

### Compliance and Reporting

The SCM Unit has taken part in various Economic Development programmes within the District, whereby the unit provided the community or stakeholders with key information relating to how Small, Medium and Micro-sized Enterprises (SMMEs) can benefit from local government procurement processes as well as the requirements that SMMEs need to comply with to benefit in these processes. The SCM unit also assisted prospective suppliers and service providers with registering on the SCM database, taking the newly introduced Central Supplier Database (CSD) into consideration.

During the year, the municipality assisted various local municipalities in resolving technical supply chain management matters through the establishment of a District Supply Chain Management Forum, chaired by the District Municipality and Provincial Treasury. The objective of this Forum is to address any technical matters as well as assist in driving all the local municipalities to a higher level of compliance. The Committee functioned well during the year and has added value to the District.

### **Registration of Suppliers on the Database**

The municipality has assessed the CSD against the current internal control environment and identified a few weaknesses within the system. These weaknesses have been addressed in the CSD, with exception of the verification of directors / members being in the service of the state. The municipality therefore requires service providers to register on the CSD and complete a Declaration of Interest form to be able to provide the municipality with any goods or services.

### **Amendments to Legislation**

The Supply Chain Management policy required amendments due to the changes in regulations as well as required changes through Circulars issued by National Treasury. The policy was amended taking the following sources into account –

- Preferential Procurement Regulations, 2017
- B-BBEE Code of Good Conduct
- MFMA Circular 77 - Model SCM Policy for Infrastructure Procurement and Delivery Management
- MFMA Circular 81 - Web Based Central Supplier Database (CSD)
- MFMA Circular 83 – E tender Portal

### **Monthly and Quarterly Reports**

- Monthly Deviation Reports were submitted in terms of the SCM Policy for the procurement of goods and services.
- All the required quarterly reports and annual reports were submitted in terms of paragraph 6 of the Supply Chain Management policy

### **Improvements and Compliance to Internal Controls:**

The committees mentioned below have been established and are functioning in accordance with SCM Policy:

- Bid/Formal Quotation Specification Committee
- Bid/Formal Quotation Evaluation Committee
- Bid/Formal Quotation Adjudication Committee

The aforesaid committees have the responsibility to make it a point that all the procurement processes are followed, and also to ensure that the value for money is received.

Internal Controls within SCM are strengthened continuously to ensure compliance to the SCM Policy. There were no major changes to the internal controls during the year.

### **Challenges and Constraints**

- Poor planning by staff did not always allow for sufficient time for the SCM Unit to follow proper procurement processes. Non-adherence to the stipulated 5 working days in which to process an order also indicated poor planning.

- Premature authorisation of some deviations by department heads resulted in deviations being returned for correction or being declined by the Accounting Officer, as the reason provided for deviating did not meet the requirements in term of the policy.

#### **Unauthorised, Irregular, Fruitless and Wasteful Expenditure**

Section 32(4) of the MFMA requires disclosure of any unauthorised, irregular, fruitless and wasteful expenditure incurred by the Municipality.

An exercise was undertaken during the year to identify any such expenditure incurred for the period July 2018 to June 2019. All instances were disclosed in the financial statements accordingly. All instances identified were investigated by a Committee established by Council. The Investigation Reports of the committee were submitted to Council, who resolved thereon.

#### **Solutions and Way Forward**

Solutions and controls for the challenges and constraints above are:

- A memorandum was forwarded to all users, informing them that SCM Unit has 5 working days to obtain the required quotations and a further day to process an order. Therefore, all requesters must endeavour to adhere to this.
- Properly motivated and completed deviations should be signed by department heads subsequent to deviations being scrutinised and signed by SCM.

## 2.9 BY-LAWS

No by-laws were developed during the year under review

## 2.10 WEBSITE

Municipal Website and Currency of Material		
Documents published on the Municipality's Website (2018/2019)	Yes / No	Publishing Date
Annual budget	Yes	04 June 2018
Adjustment budget		26 March 2019
All current budget-related policies	Yes	03 July 2018
The previous annual report (year 2017/2018)	Yes	26 March 2019
The annual report (year 2018/2019) to be published	Yes	30 January 2020
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 2017/2018) and resulting scorecards: Directors Municipal Manager	Yes	13 December 2018
All service delivery agreements (Year 2018/2019)	Yes	02 July 2018
All supply chain management contracts above a prescribed value for Year 2018/2019	Yes	Where applicable
All quarterly reports tabled in the council in terms of section 52 (d) during Year 2018/2019	Yes	Quarterly
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 2018/2019	None	
Contracts agreed in Year 2017/2018 to which subsection (1) of section 33 applies, subject to subsection (3) of that section	None	
Public-private partnership agreements referred to in section 120 made in Year 2017/2018	None	
All long-term borrowing contracts (Year 2018/2019)	None	

**COMMENT ON MUNICIPAL WEBSITE CONTENT AND ACCESS:**

Section 75(1)(a) – (l) of the MFMA is fully complied with, in that all content required to be placed on the municipal website is done so except for those that are not applicable to the Municipality. Numbers of hits on the website are measured. The number of hits for the 2018/2019 financial year was 25050.

**2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES****PUBLIC SATISFACTION LEVELS**

During the financial year under review, no customer satisfaction or public satisfaction surveys were conducted by the District Municipality. The public satisfaction survey that was envisaged for 2018/2019 did not materialize. However, a public satisfaction survey is planned for 2019/2020.

# CHAPTER 3

## CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 1)

### INTRODUCTION

As stated earlier in this report (See 1.3 Service Delivery Overview), services in the Sarah Baartman District are primarily rendered by the local municipalities. These include water, sanitation, electricity, road maintenance and community services.

See Performance Scorecard in Component K of this chapter which indicates the various projects undertaken by the SBDM, some of which pertain to these services. The projects are implemented in the local municipality areas.

### COMPONENT A: BASIC SERVICES

**3.1 - 3.6 NOT APPLICABLE AS WATER, SANITATION, ELECTRICITY, WASTE MANAGEMENT, HOUSING AND FREE BASIC SERVICES ARE PROVIDED BY LMs**

### COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and stormwater drainage.

#### INTRODUCTION TO ROAD TRANSPORT

Roads, transport and stormwater drainage are not functions of the District Municipality. The SBDM however; does carry out the function of Transport Planning for the District.

### 3.7 ROADS

**Not applicable**

**3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)**

#### INTRODUCTION TO TRANSPORT

In the SBDM, this function is limited to transport planning only. It Includes all activities related to transport planning for the entire District in accordance with the National Land Transport Act, No. 5 of 2009 (NLTA).

Statistical information not applicable as function is limited to planning only.

The road transport function of the municipality is administered by the Department: Infrastructure Development and Community Services and includes:

- Review of the Integrated Transport Plan through the provision of a five-year prioritized implementation programme for the improvement of the transportation system within the District.
- Identifying infrastructure and public transport needs in the District
- Lobby for funding for transport infrastructure
- Promote road safety in the District
- Construction of public transport facilities including sidewalks
- Formulate guidelines for transport planning purposes

The Strategic Objectives of this function are to:

- To promote mobility
- Promote non-motorized vehicle usage.
- Promote public transport usage.
- Improve existing public transport facilities.
- Improve SBDM road conditions.
- To promote an integration between spatial planning and transportation planning to achieve sustainable human settlements
- To provide technical support to the Local Municipalities

#### **Key Issues for 2018/2019**

- Collection of RRAMS data for compliance with RRAMS requirements.
- Installation of system for LMs.
- Updating the EASyRAMS Systems for rollout through the district.
- Training and assistance for DM and its Local Municipalities personnel.
- Facilitate appointment of Technicians and equipment pertaining to the RRAMS programme.
- Maintenance Planning, Prioritisation and Reporting;
- Development of the Roads Asset Management Plan (RAMP) for 2019/20 financial year.
- Construction of and ablution facilities and shelters for Bus Terminus in Graaff-Reinet, Dr. Beyers Naude Municipality

#### **Rural Road Asset Management Systems (RRAMS)**

The National Department of Transport, as part of the S'Hambe Sonke Programme, has provided grant funding for the implementation of Rural Road Asset Management Systems (RRAMS) as set out in the framework for the Rural Road Asset Management Systems (RRAM), Division of Revenue Act (DoRA). The strategic goal of the RRAMS Grant is to ensure efficient and effective investment in rural roads through the development of Road Asset Management Systems (RAMS) and the collection of associated road and bridge inventory data condition assessments and traffic information. Improved data on rural roads will guide infrastructure investment, improve accessibility to and mobility of rural communities.

The District Municipalities (DM's) within the Eastern Cape that have received the grant funding, are following a collaborative approach with the Provincial Department of Roads and Public Works (Eastern

Cape), to ensure a uniform and integrated end-product within the Eastern Cape. This ensures consistency of data, an integrated and complete provincial database and allows a substantial saving in both time and cost. Over the past year, this collaboration has proved to be a highly successful and productive approach.

The road network within the Sarah Baartman District falls under the jurisdiction of three (3) levels of authority who are each responsible for a specific road network, namely:

- The South African National Roads Agency Limited (SANRAL), who are responsible for National roads that traverse the district;
- The Eastern Cape Department of Roads & Public Works (EC DRPW), who are responsible for the Provincial roads, i.e. Trunk, Main, District and Minor roads within the district; and
- Seven (7) Local Municipalities, who are responsible for all Municipal roads.

The network contained in the RRAMS for the District includes the total length of 974 km of surfaced (paved) roads, 893 km of gravel and earth (unpaved) roads, 37 bridges and major culverts, 341 traffic counting stations and all the ancillary road furniture along the network.

The total length of the paved road network is 987.6 km (53.3% of the network) and unpaved network is 865.8km (46.7% of the network);

The Sarah Baartman District Municipality is one of the municipalities that are receiving the grant and was allocated the following budgets over the three year life-cycle of the RRAMS Grant:

- 2016/17 – R 2 261 000.00
- 2017/18 – R 2 235 000.00
- 2018/19 – R 2 240 000.00

The expenditure as at 30 June 2019 amounted to R 2 240 000.00 and no roll-over of 2018/19 grant funding is required.

The technical part of the RRAMS Programme continues to proceed well. The primary challenge lies in the absorption of the Candidate Technicians into the Local Municipalities and District Municipality structures. Intervention is required from SALGA and the NDOT to assist with the placement of Technicians at the relevant authorities for the outer financial years.

#### **Number of all personnel associated with the road transport function:**

1 x Infrastructure Planner (Vacant)

## 3.9 STORMWATER DRAINAGE

**Not applicable**

### COMPONENT C: PLANNING AND DEVELOPMENT

The District Municipality is responsible for Regional Planning and Economic Development

## 3.10 - PLANNING

This includes all activities relating to the formulation, monitoring of implementation, evaluation and review of strategic plans for the entire district. It also includes assistance to local municipalities with processing of applications for land use planning and development.

#### Description of the Activity

The function of **Integrated Development Planning and Spatial Planning** is administered by the Department: Planning and Economic Development. The main Planning activities include the formulation of the institution's strategic plans; IDP and SDF, monitor and support those implementing the plans, and review the plans annually, in terms of Chapter 5 of the Municipal Systems Act 32 of 2000 (including notice R796 regulations) and in terms of the Municipal Finance Management Act 56 of 2003.

#### Strategic objectives:

- Integrated development planning and Spatial planning for the District as a whole, including the development of a framework for all category B municipalities. This includes the development and / or review of the following:
  - The Spatial Development Framework. (SDF)
  - Updated socio-economic profiles.
  - Review of strategies
  - Facilitating the identification of projects
- To become an established and effective integrated development planning authority in the Sarah Baartman District through:
  - Facilitating the District's service delivery through infrastructure and services that are planned, delivered and managed in such a way that supports the District's vision and priorities.
  - Facilitating the prioritization of infrastructure projects and programmes that support the District's vision and priorities.
- Co-ordination and support to the planning function of local municipalities, this includes Land Use Management, Spatial Planning
- Guide the implementation of Spatial Planning and Land Use Management Act.

#### Key issues for 2018/2019

- The prompt preparation of the District Municipality's Integrated Development Plan for 2018/2019, which included the following key activities:
  - Development of a district-wide IDP Framework Plan that was adopted by the District Municipality and used to develop Process Plans for all category B municipalities their IDP preparations.

- Compilation of an IDP & Budget Schedule in conjunction with the Finance Unit, in line with the MFMA.
  - Facilitation of various meetings and workshops with the following stakeholders: seven category B municipalities; provincial sector departments; private business sector; public entities; NGOs & CBOs
  - Formulation and adoption of the District's Development Priorities.
  - Analysis of Development Priorities identified
  - Crafting of Objectives and Strategies that will assist in driving the District's Development Priorities.
  - Identification and prioritization of Projects that will assist in achieving the District's objectives.
  - Collection and capturing of Sector Plans and Operational Strategies into the IDP
  - Development of new plans in areas where plans were not in place
  - Aligning and integrating programmes and plans to the PGDP of the Eastern Cape government
  - Strengthening and improving public participation
  - Preparation of IDP document and submission thereof to Council for approval
  - Submission of an approved IDP document to the MEC: Local Government and Traditional Affairs
  - Development of capacity within SBDM departments through using SBDM resources as opposed to engaging external service providers
  - Fulfilling horizontal alignment between municipalities and vertical alignment with the other spheres of government
- The IDP was compiled without assistance from external service providers. Doing work in-house assists in ensuring staff participation and increases the strategic planning capacity within the SBDM.
- Support the review of Land Use Management Schemes of Local Municipalities. This is primarily driven by the new LUM act, SPLUMA, that has given more Planning functions to the municipalities and districts in regard to Land Use Management.

#### Analysis of Function:

Planning support to the seven category B municipalities is delivered using the following 'vehicles':

- The District Framework Plan that serves as a guide on critical steps in planning and timeframes.
- Town Planning support through development application processing, financing of review of LUM zoning schemes and capacity support.
- IDP Representative Forums
- Attendance of Local Municipality's IDP / Budget engagements
- All seven Municipalities are supported financially and non-financially by SBDM in the development of their IDP's
- Hands on support is given to the Local Municipalities in the compilation of the Community based Plans

#### Number personnel associated with the Planning function:

2 x Development Planners  
1 x GIS Specialist

## **COMPONENT D: LOCAL ECONOMIC DEVELOPMENT**

Local Economic Development draws its mandate from the Constitution (1994). The Constitution places great responsibility on municipalities to facilitate LED. Local government is also responsible for socio-economic development. Schedule 4, Part B lists Tourism development and promotion as a function of local government

With regard to the role of local government in LED, the White Paper on Local Government (1998) introduces the concept of "developmental local government", defining it as: "*Local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs, and improve the quality of their lives.*"

However the same document makes it clear that: Local Government is not directly responsible for creating jobs. Rather, it is responsible for taking active steps to ensure that the overall economic and social conditions of the locality are conducive to the creation of employment opportunities".

The White Paper goes on to state that: "The powers and functions of local government should be exercised in a way that has a maximum impact on the social development of communities – in particular meeting the basic needs of the poor – and on the growth of the local economy"

The mandate of the Department of Planning, Economic Development and Planning is to create bottom – up approach to economic development with clear focus through projects and programmes:

- ✓ Building on the economic strengths of each LM
- ✓ Serve as supporting the foundations for economic growth, e.g. productive investment and enterprise development
- ✓ Working closely with CCDA to achieve broad economic goal of the district

### **3.10A - CAPACITY BUILDING**

#### **INTRODUCTION TO CAPACITY BUILDING**

According to Section 83(3) of the Municipal Structures Act (MSA) No.117 of 1998, district municipalities have an obligation to assist local municipalities within their demarcated areas by building their capacity to perform their functions and exercise their powers where such capacity is lacking.

Capacity Building and Support to the seven Local Municipalities in the District is of primary importance to Sarah Baartman District Municipality and is one of its main focus areas.

The main aim of the Capacity Building Strategy is to build in house capacity in local municipalities in the District and to support them so that they can perform their functions and strengthen their institutional and corporate governance systems.

The function of building the capacity of local municipalities is entrusted to the Municipal Manager and the three Directors. Hence capacity building initiatives are performed and/or managed in all Departments of the SBDM.

The activity is performed by implementing initiatives aimed at empowering local municipalities to enable them to discharge their constitutional mandate and meet specific legislative prescripts. These initiatives include:

- co-ordinating district wide capacity building and support projects and programmes

- conducting specific capacity building and training programmes per local municipality based on identified needs
- ensuring the efficient utilization of resources
- ensuring that local municipalities are able to fulfil all spatial and land use planning and supporting them on strategic planning matters including the IDP
- sourcing funds for the implementation of programmes and projects within the district.
- establishing knowledge sharing networks within and beyond the district aimed at strengthening capacity building initiatives in the district.

**Strategic objectives:**

Local municipalities that are:

- able to perform their legislated powers and functions and efficiently deliver cost effective services to their communities
- Self-sufficient, developmental in nature and financially sustainable.
- Closely networked and have functioning knowledge sharing structures both within the district and beyond.

**Key issues for 2018/2019**

Initiatives in the following categories were implemented or were in progress for capacity building and support to local municipalities during the year under review:

**1. Institutional**

Under Institutional Capacity the focus areas were Organizational Development, Human Resources Management and Corporate Governance. Activities included the following:

- Supported LMs to implement and cascade PMS to lower levels as well as technical support and training to all LMs on PMS
- Provided training on the PMS Automated system
- Support LM with guidance in conducting a credible recruitment processes
- Support LMs in vetting of shortlisted candidates and being part of shortlisting and interview panels
- Support LMs with competency assessment of preferred candidates
- Provide Skills Development Plan advisory services to Local Municipalities through SDF forum. Supported LM (Dr Beyers Naude) with draft HR Policies
- Supported LM (Dr Beyers Naude) with draft policy on roles and responsibilities and delegation register
- Writing of Job descriptions and Evaluation of jobs

**2. Financial**

Under financial support the activities included the following:

- Provided financial support to all LMs to enable them to render agency functions (Fire and Environmental Health) more effectively
- Supported all LMs in improving their audit outcomes
- Supported LMs on revenue completeness
- Supported LMs with a review of their tariffs
- Provided supply chain management support training
- Assisted municipalities with MIG and other conditional grants rollover application

### 3. Special Programmes

- Supported LMs to host commemoration days
- Supported LMs to conduct various community dialogues to empower the designated groups
- Partnered with LMs to conduct health campaigns
- Supported LMs with the establishment of Local Aids Councils and the development of Local Implementation Plans

### 4. Infrastructure Support

- Play a coordination role between MISA and the identified LMs for support programmes.
- Development of a Business Plan for Drought Relief Interventions for the entire District.
- Provision of 5000L Water Tanks for Local Municipalities to assist with drought.
- Compilation of Section 30A Directive Application for Drought projects.

### 5. Planning and Economic Development

- IDP support
- SPLUMA and land use

## 3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

The Economic Growth and Development Strategy has been renamed the Socio-Economic and Enterprise Development Strategy (SEEDS), the acronym for which metaphorically describes the district's core mandate in initiating the facilitation of economic development and subsequently growing the regional economy.

The SBDM approach is structured around seven core objectives based both on a review of international trends in rural regeneration strategies as well as a reflection on the experience of SBDM and other institutions in promoting development in the region.

Objective	Strategy
<i>Increasing agricultural income</i>	<ul style="list-style-type: none"><li>• Growing national and international markets for agricultural output</li><li>• Facilitating investments in local and regional agro-processing plant to increase product demand and improve prices</li><li>• Investing in research and knowledge sharing to improve the quality and resilience of crops and livestock.</li><li>• Supporting local and regional food systems that keep wealth in rural communities</li></ul>
<i>Investing in natural capital</i>	<ul style="list-style-type: none"><li>• Promoting and incentivizing natural resource restoration and conservation including alien vegetation clearing, developing eco-systems markets that reward land restoration through carbon credit mechanism and so on.</li><li>• Creating new generation green jobs and local income streams rooted in renewable energy.</li><li>• Growing the rural tourism economy based on natural capital through agri-, adventure- and eco-tourism initiatives.</li></ul>
<i>Broadening economic participation</i>	<ul style="list-style-type: none"><li>• Promoting BBBEE, SMME and cooperative development.</li><li>• Maximizing the opportunities for Extended Public Works Programme (EPWP)</li></ul>

Objective	Strategy
	<p>and Community Work programme opportunities.</p> <ul style="list-style-type: none"> <li>• Improving grant accessibility.</li> <li>• Establishing community-based beneficiation projects.</li> <li>• Facilitating community and worker participation in share ownership.</li> <li>• Promoting social development investments</li> </ul>
<i>Developing the skills base</i>	<ul style="list-style-type: none"> <li>• Improving the quality and quantity of school education and early childhood development (ECD) through partnerships.</li> <li>• Creating further education opportunities linked to work opportunities in the region.</li> <li>• Developing skills transfer partnerships between established and emerging farmers and between established and emerging businesses.</li> </ul>
<i>Improving connectivity and utility infrastructure</i>	<ul style="list-style-type: none"> <li>• Developing rural broadband and mobile phone connectivity is a key rural development strategy globally.</li> <li>• Improving rural transport infrastructure particularly roads.</li> <li>• Identifying and delivering catalytic infrastructure that opens up new economic opportunities.</li> </ul>
<i>Regenerating core towns</i>	<ul style="list-style-type: none"> <li>• Urban regeneration projects focused on upgrading town CBDs and historic districts.</li> <li>• Ensuring quality education and health services in core towns in order to retain talent and skills in the area.</li> <li>• Promote tourism and niche services and manufacturing based on identifying competitive advantages and niche opportunities</li> <li>• Ensuring that municipal infrastructure is maintained and upgraded on a financially sustainable basis in order to support growth and development</li> <li>• Service delivery improvement partnerships to ensure that essential administrative and regulatory functions are undertaken by the LM.</li> </ul>
<i>Building local and regional networks</i>	<ul style="list-style-type: none"> <li>• Strengthening government to government connections at a regional, provincial and national level.</li> <li>• Building partnerships to improve economic competitiveness and resilience.</li> <li>• Creating a positive image of the region amongst public and private investors and building relationships with them.</li> </ul>

## FUNDING LOCAL ECONOMIC DEVELOPMENT

Currently, to access funds for LED, municipalities either employ funds generated locally to implement municipal-led activities, such as through the levying of rates and taxes, or funding can be derived from higher tiers of government.

Generally however, LED in local municipalities has no secure funding sources and often relies on grant funding. The role of local and international NGOs and donors is of great importance in accessing and making available funds for local development projects.

The District Municipality budgeted in the 2018/19 Financial Year to fund SMME development initiatives and Cooperatives that are supported by Local Municipalities included in their IDPs. The definition of the “support” covers the following elements of our funding envelope:

- Direct Grant/Funding
- Non-Financial support through training and participation in events

- Repackaging of prospective business proposals towards credible and bankable business plans
- Endorsement of potential business proposals to other agencies where District funding is limited
- Information Platforms and Events related to SMME development

There are four basic driving thrust/focus areas to consider in 2018/19 financial year:

- Job creation and Entrepreneurship development – Start Ups
- Manufacturing and support of community based service sector
- Strengthening Cooperatives
- Funding mobilisation through partnerships

The following LED initiatives were supported in the 2018/19 Financial Year under this review:

<b>PROJECT / SMME</b>	<b>TYPE OF SUPPORT</b>
Red Cup Village	Non financially (funding application to DEDEA) and Financially (participation costs for the Small Business Indaba)
Koukned	Non financially – advice regarding business plan and access to funding
7 Fountains General Trading	Non financially (advice during negotiation with LGP Gas, and drafting of SLA with LGP Gas) Financially (grant funding for products / stock)
Angel Tinting	Financially – grant funding for equipment and material
BVAS Food Outlet	Financially – grant funding for equipment
Ndlambe Tyre Clinic	Financially – grant funding for equipment
PA Systems Rentals	Financially – grant funding for equipment
Masikhathalelaneni NPC	Financially – grant funding for equipment
Rico Tours	Financially – grant funding for equipment
Basi IT Solutions	Financially - Grant funding for license application

## INTERGOVERNMENTAL RELATIONS IN LED

Sarah Baartman District Municipality has a fully functional District Support Team (DST) as an IGR structure for Local Economic Development. This structure is represented by all seven Local Municipalities' LED Officials and Portfolio Councilors and the District Development Agency. There is participation from the following sector departments:

1. Departments of Economic Development, Environmental Affairs and Tourism (DEDEAT),
2. Cooperative Government and Traditional and Affairs (COGTA),
3. Department of Agriculture Development and Agrarian Reform (DRD&AR),
4. Department of Rural Development and Land Reform,
5. Department of Social Development.

Below are the government development agencies participating in the District Support Team

- SEDA,
- ECDC and

- NYDA

DST has identified that there should be a theoretical clarity in the minds of LED Practitioners and Councillors on what broadly constitute pro- economic growth LED programmes and pro-poor interventions there will always be confusion and misguided planning processes in the LMs.

As a result, DST members have observed that there is often a gap between economic development planning and the resource allocation decision making processes.

The DST has also observed that due to the acute lack and poor capacity and resource allocations in the LMs most of the LED projects pursued are short termed and on their own, are unable to contribute to sustainable economic growth and job creation in the region.

There is also an acknowledgement that such a challenge could be best addressed through (DST) as the stewardship of well positioned political champions as agents of change and catalysts of development.

Secondly despite the best efforts by national and provincial governments to clarify and expand on the LED facilitation roles and responsibilities on the local economy spaces the DST is of the view that the District and LMs need to prioritise resourcing of LED mandates if we are to make a dent in high rates of unemployment and poverty levels.

DST has also observed that even where there is an elaborate LED put in place the economic impact and resource allocation is often not fully appreciated.

Some of the conclusions made by the DST are that most of the challenges inherent in our local municipalities are underpinned by the poor institutional mainstreaming of the development role of LED, where LED is seen as a stand- alone initiative isolated from the developmental strategy of the institution.

As a consideration for effective planning and coordination and to avoid duplication of structures, this proposed activity (LED) be assigned to already existing council approved structure. DST seeks to make an effort and intervention to address these challenges as well as the effective facilitation of LED in the district.

## Independent Power Producers Forum

To date under the current financial year on review, four bid windows (including three iterations of the fourth bid window) have been opened and closed by the Department of Energy (DOE) and preferred bidders for five of the six Requests for Proposals have been announced in terms of the Renewable Energy Independent Power Producer Procurement Programme (REI4P).

Sixteen (16) out of the thirty-one (31) wind farm developments that have been awarded preferred bidder status are located in the Eastern Cape. This accounts for approximately 52% of the total wind power generation recognized as preferred bidders nationally.

There are two areas in the Eastern Cape Province with a high concentration of wind farms, i.e. West of Port Elizabeth along the coast and East and South-East of Cookhouse inland. These two areas can be informally designated as Coastal 6 and Inland 5/Big 5:

- **Coastal 6 Independent Power Producers (IPPs)**, which represent six wind farms developments that have been awarded preferred bidder status and are located or to be located on the coast east of Port Elizabeth, include:

- Jeffreys Bay Wind Farm (135.1MW; BW1; operational; operated by Globeleq South African Management Services)
- Kouga Wind Farm (77.7MW; BW1; operational; operated by Kouga Wind Farm)
- Gibson Bay Wind Farm (110MW; BW3; under construction; to be operated by Enel Green Power)
- Oyster Bay Wind Farm (140MW, BW4; yet to reach financial closure; to be operated by Enel Green Power)
- Tsitsikamma Community Wind Farm (93.7MW; BW2; operational; operated by Cennergi)
- MetroWind Van Stadens Wind Farm (27MW; BW1; operational; operated by Rubicept (Pty) Ltd)

- **Inland Five Independent Power Producers (IPPs)**, comprising of five wind farms developments that have been awarded preferred bidder status and are located or to be located on the coast east of Port Elizabeth, include:

- Cookhouse Wind Farm (135.8MW; BW1; operational; operated by African Clean Energy Developments)
- Amakhala Wind Project (131.1MW; BW2; operational; operated by Cennergi)
- Nojoli Wind Farm (86.6MW; BW3; operational; operated by Enel Green Power)
- Golden Valley Wind Farm (1117.7MW; BW4; yet to reach financial closure; to be operated by Biotherm Energy)
- The Nxuba Wind Farm (138.9MW; BW4; yet to reach financial closure; to be operated by Enel Green Power)

Considering the number of wind farm development that have been awarded ‘preferred bidder status’ in the Eastern Cape, there has been a growing need for increased communication and resulting collaboration between Independent Power Producers (IPPs) and local government, particularly in relation to Socio-Economic Development (SED) and Enterprise Development (ED) commitments and implementation during the operational phase of the renewable energy facilities. It is important that provincial and local government understand the initiatives identified and implemented by IPPs, the

expected impact and the reporting required of these initiatives, and vice versa, ensuring maximum socio-economic benefit for communities without duplication or failure to deliver on respective mandates.

In the context of the above, a **technical platform/forum is now active and approved by Council in the form of District Independent Power Producers Forum to cover both**, i.e. Coastal 6 area and Inland 5 area. The forum aims to avoid/ prevent discomfort between IPPs and LMs rather build strong long-term relationships and collaborations through the establishment of good communication channels.

Number personnel associated with Local Economic Development function:

1 x LED Manager  
1 x LED Intern

## OVERVIEW OF SOUTH AFRICAN TOURISM AND STATISTICS

### Background

The Eastern Cape Socio Economic Consultative Council defines “Tourism” as the non-commercial organisation plus operation of vacations and visits to a place of interest. All included under tourism is whether you visit a relative or friend, travel for business purposes; go on holiday or medical and religious trip.

A trip refers to travel by a person from the time they leave their usual residence until they return to that residence. It has been reported that people visit the Sarah Baartman District mainly for:

- Leisure / holiday
- Business
- Visit to friends and family
- Other (medical, religious etc)

There was a decline in the tourism activities in the past financial year. In 2017/18 financial year it was reported that the numbers of trips by purpose were recorded at 357 177 and as follows:

- Leisure / holiday - 102 000
- Business - 23 100
- Visit to friends and family - 191 000
- Other (medical, religious etc) - 41 077

Based on several informal data the decline was reported to be around 5% and if that is the case then the trips by purpose will be around 339 318 for the 2018/19 financial year.

- Leisure - 96 900

- Business - 21 945
- Visit to Friends - 181 450
- Other - 39 023

### **Top Ten Tourism Destinations / Attractions in the Eastern Cape**

According to the Eastern Cape Parks and Tourism Association six out of the ten tourism attractions are in the Sarah Baartman district. They are:

1. The Valley of Desolation
2. *The Wild Coast – not in the District*
3. Addo Elephant National Park
4. The Storms River Suspension Bridge
5. *Mountain Zebra National Park- not in the District*
6. Jeffreys Bay Surf Break
7. Baviaans Kloof Wilderness Area
8. *Port Elizabeth Beaches – not in the District*
9. *Inkwenkwezi Private Game Reserve – not in the District*
10. Grahamstown: Settler Country

### **The Valley of Desolation**



**Addo Elephant National Park**



**The Storms River Suspension Bridge**



**Jeffreys Bay Surf Break**



**Baviaans Kloof Wilderness Area**



### **Grahamstown: Settler Country**



### **Contribution to the GDP**

The total contribution of travel and tourism to the Gross Domestic Product (GDP) of South Africa was R402 billion in 2016 and it grew by 2.5% in 2017 reaching R412 billion. The forecast indicated that it was anticipated that it will continue to rise.

The sector contributed R424.5 billion to the GDP which is about 3% more than 2017.

The total contribution of travel and tourism to employment in the country was 1.6 million jobs and it is forecasted that by this will grow and about 2.5 million jobs by 2027. The World Travel and Tourism Council (WTTC) reported that it estimated that by 2028 almost 2.1 million jobs will be depend on travel and tourism

### **TOURISM DEVELOPMENT AND MARKETING**

Many tourists are attracted to places of significance and that which have a legacy of rich cultural heritage that is well packaged and understood. People love and enjoy exploring destinations where there are famous surroundings, historic interest and area that lift the soul.

SBDM undertook to ensure that the district is marketed locally and internationally. This was achieved through intense marketing activations that took place across the district (physical) and through the social media. The District activated the following marketing nodes:

- |                |                             |
|----------------|-----------------------------|
| 1. Port Alfred | – December Music Festival   |
| 2. Port Alfred | – Amanzi Challenge Festival |
| 3. Grahamstown | – National Arts Festival    |
| 4. Kirkwood    | - Kirkwood Wildfees         |

This financial year the key priorities were as follows:

- Key focus on tourism
- Refresh the creative interpretation of SBDM 7 Wonders to align communication
- Strategic focus on seasonality
- Build online presence both nationally and internationally
- Focus on activation and digital communication solutions to reduce printing costs

SBDM Strategy Going Forward:

- **Inject life and substance into the new SBDM identity:**
  - Promote SBDM as the destination of 7 Wonders through activations, seasonal campaigns and trade shows
- **Maintain 80/20 strategy principle through focusing on the 7 key destinations:**
  - Lead all marketing efforts with the 7 wonders brand as well as the key destinations within to build the 7 Wonders positioning
- **Focus on digital as a marketing channel:**
  - Digital to take the lead role in SBDM marketing approach. Amplifying activations and media to maintain a cost effective and targeted approach

### **Support To Local Tourism Organizations**

In its endeavor to support the Local Tourism organisation the District Municipality in 2018 held a meeting with all the LTO and agreed that a strategy to support them will be developed. The support will be based on the needs analysis that will be undertaken in the new financial year. Due to human resource incapacity the support strategy for LTO could not be developed. It is anticipated that the strategy will be completed by end of June 2020 and be effective as from 1 July 2020.

Between January and June 2018 the Department revived its relations with the LTOs and ensured that capacity building takes place and exposure to various networks was encouraged.

### **Sarah Baartman "7 Wonders of our World" campaign**

The Sarah Baartman District Municipality continued to roll-out its "Seven Wonders" campaign, in terms of which seven tourism destinations within the District were vigorously marketed. This roll-out is in line with the implementation of the District marketing strategy.

The campaign has been mainly driven through attendance and participation in several exhibitions, namely

- Getaway Show which took place in October 2018
- Shanghai Expo which took place in November 2018
- Tourism Indaba which took place in May 2019.

### **Support to Creative Industries**

In order to ensure that support is coordinated and spot on the District Municipality embarked on the development of the Creative Industry Strategy. In the financial year under review the District Municipality only supported three projects:

1. Amanzi Festival
2. National Arts Festival
3. Fingo Festival

### **Capacity Building**

#### **1. Empowerment Session for Tourism SMMEs**

In partnership with the National Department of Tourism the second capacity building programme was conducted in Graaff Reinet in October 2018. The target group was all the Tourism SMME from the various local municipalities with more focus to the Karoo stakeholders. The empowerment session had the following objectives and had various speakers who spoke on the various topics:

1. To educate and inform stakeholders about a range of offerings including but not limited to the workshop programme.
2. To promote the various tourism development and marketing strategies at all spheres of government.
3. To learn from the stakeholders how best customers and users can be serviced by government and the private sector.
4. To create an information sharing and dissemination platform for the government and the various public entities to engage with and reach out to their customers and users.
5. To build and strengthen partnership between public and private sectors in tourism.
6. To identify and provide support to the existing tourism capacity building and training initiatives within the identified municipalities.
7. To promote awareness of good tourism and environmental practices at municipalities and relevant stakeholders.
8. To promote an integrated approach to development.

On the last day of the session a peer learning excise was done and an establishment was visited. After the visit the owner was given valuable advice on what to improve on.

Another similar session will be conducted for the western side of the District (Kouga and Koukamma) in October 2019.

## **2. Data Capturing Learnership Project**

The Data Capturing Project was a National Project which aimed at updating tourism information such as physical address of establishments, contact numbers etc. across the country. The project duration is two years, meaning, the learners / capturers will be given a stipend for a period of two years (June 2019 – May 2021)

The Sarah Baartman District was allocated 16 learners or capturers and municipalities were requested to submit names that met the set criteria accompanied by the CVs to the national department.

The induction took place in May 2019 and they capturers officially commence with their duties on the 1<sup>st</sup> of June 2019.

## **COMPONENT D: COMMUNITY & SOCIAL SERVICES**

This component includes: libraries and archives; museums arts and galleries; community halls; cemeteries and crematoria; child care; aged care; social programmes, theatres.

### **INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES**

This component includes: libraries and archives; museums arts and galleries; community halls; cemeteries and crematoria; child care; aged care; social programmes, theatres.

### **INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES**

In the SBDM, this function includes activities associated with provision and upgrading of cemeteries, community halls, libraries and crèches, programmes for the empowerment of Youth, Women and the Disabled, programmes towards mitigation of the effect of HIV and Aids on communities, and heritage related matters.

#### **Strategic Objectives**

The strategic objectives of this function are:

- to ensure that communities are provided with facilities they need in terms of social upliftment and human dignity
- to improve the HIV and Aids status of the community
- to ensure the empowerment of designated groups of Sarah Baartman

The following projects were undertaken for designated groups:

#### **Youth Development**

##### **Infrastructure Maintenance Programme:**

In addressing the issue of Skills Development and Unemployment amongst young people in the district, Sarah Baartman District Municipality, Special Programmes Unit has partnered with the Office of the Premier (OTP) and embarked on the Infrastructure Maintenance Programme. The training was announced during the State of the Province Address by the Premier to train 500 young people throughout the Eastern Cape Province.

Through the mobilization, identification and recruitment process 53 young people were selected through interviews and thereafter attended the skills training that took 6 months and currently are placed in selected schools in the District who needs urgent infrastructure attention. These candidates will undergo 18 months practical work supervised by the department of Education and they are receiving stipends worth R 2000. 00 per month. Successful candidates are from Dr. Beyers Naude, Blue Crane Route Municipality, Sundays River Municipality, Kouga Municipality, Makana and Ndlambe Municipalities.

#### Support to Local Municipalities (Development of the Youth Operational Plans)

In ensuring that municipalities are addressing youth challenges faced by young people, Sarah Baartman District Municipality has provided support to local municipalities in developing Youth to develop Youth Operational Plans. During that process Induction workshops were held for two local municipalities Ndlambe Municipality and Sundays River Valley Municipality. The operational plans were focusing on the five (5) Pillars of the Provincial Youth Strategic Plan which are:

1. Enabling and Supportive Environment
2. Placement of Matric/NCV4 Graduates
3. Skills development
4. Township and Rural Hub
5. Entrepreneurship

#### Train the Trainer Child Rights Governance and Mainstreaming Training

South African Local Government Association in partnership with Sarah Baartman District Municipality in the addressing Capacity Building challenges in Local Municipalities have facilitated a Train the Trainer programme for local municipalities to mainstream Child Rights into local government programmes. The purpose of this Capacity Building programme was to train all Special Project Officers and Portfolio Councilors to be able to address the following issues:

- To ensure that all Children issues/ needs are understood and are integrated to the Local Government daily operations.
- To create platforms for children and their representatives to participate in all municipal decision making processes.
- Coordinate and management of stakeholders dealing directly with children issues.

The candidates were also expected to facilitate Workshops in their respective communities focusing on the Early Childhood Development Centre (ECDC) and Children Organizations.

#### Artisanship Development:

Sarah Baartman District Municipality in partnership with Kouga Municipality, Department of Human Settlement, National Youth Development Agency and NHBRC recruited 32 young people around Kouga Municipality to participate in the Learnership Programme popular known as Youth Brigade. The objective of the Learnership is to upskill young people to become Artisan in different disciplines within the construction industry.

Youth Development Agency trained the same group in Life Skills and the NHBRC was responsible for the Theory and the practical part of the training. The candidates are currently placed in the Kruisfontein Housing Development project and they are receiving stipends. The Learnership is focusing on the following skills:

1. Plumbing
2. Brick Laying
3. Carpentry
4. Painting
5. Plastering
6. Roofing

#### Disability Empowerment

#### Establishment of the Learners and Driving Lessons:

In empowering People with Disabilities, Sarah Baartman District Municipality in partnership Eastern Cape Disability Economic Empowerment Trust, Association of People with Disabilities (APD) and Ndlambe Municipality assisted with registration to the group of People with Disabilities to establish a Driving School that is aimed at empowering the disability sector to obtain Learners and Driver's License. The group was assisted with a container to facilitate the learning classes and learning material.

#### Disability Awareness Campaigns:

Sarah Baartman District Municipality hosted two awareness campaigns in sensitizing the sector and community members on rights and responsibilities of the society in relation to people with disabilities.

##### **Disability Sensitization:**

A Sensitization Workshop for Disability Activist was held in Port Alfred and targeted people with disabilities that are actively participating in organization within Ndlambe Municipal area.

##### **Distribution of Sanitary Towels:**

Sarah Baartman District Municipality in partnership with Provincial Office of Association for People with Disabilities and Kouga Municipality distributed sanitary towels and hygiene packages to people with disabilities focusing on women sector.

## **3.12 LIBRARIES, COMMUNITY FACILITIES**

### **INTRODUCTION TO LIBRARIES AND COMMUNITY FACILITIES**

The Sarah Baartman District Municipality is not responsible for delivery of library services in the District. This responsibility resides with the Provincial Department of Sports, Recreation, Arts and Culture (DSRAC) who have appointed the LMs to be their agents.

Community facilities such as the provision of community halls and sports grounds are the responsibility of LMs. No dedicated personnel are allocated to the function of provision and/or upgrading of libraries and other community facilities within the municipality.

In the prior years the SBDM built libraries and sports facilities in several local municipalities.

Furthermore, in the prior financial years the SBDM maintained the "Connect with Sarah Baartman" system in 32 libraries throughout the District. This system provided access to the internet and a range of educational software for use, free of charge, by communities. At the close of 30 June 2016, there were 31000 users of the system. In the 2017/18 financial year, the DSRAC took responsibility for the provision of email and internet services at the libraries. Unfortunately, the District Municipality is unable to gauge the number of users of the system nor its reliability. However several complaints have been received about the reliability of the service since it has been taken over by DSRAC.

## **3.13 CEMETERIES AND CREMATORIUMS**

### **INTRODUCTION TO CEMETERIES AND CREMATORIUMS**

The SBDM was not involved in any projects related to cemeteries and crematoriums during the year under review.

## **3.14 CHILD CARE, AGED CARE, SOCIAL PROGRAMMES**

### **INTRODUCTION TO CHILD CARE, AGED CARE, SOCIAL PROGRAMMES**

The SBDM has a Special Programmes Unit which takes care of these functions. The key issues undertaken during the year under review are:

#### **Special Programmes**

- Hosting of various programmes in partnership with the Provincial Women Caucus
- Conducting empowerment session for women in business
- Forming partnerships with sector departments in implementing district wide projects related to empowerment of designated groups
- Hosting of Commemoration days

#### **HIV and Aids**

The Sarah Baartman District AIDS Council is a multi- sectoral body mandated to coordinate the HIV, TB, STI and HIV response in the District. Its function is guided by the National Strategic Plan for HIV, TB, STI's and AIDS 2017- 2022. The National Strategic Plan (NSP) 2017-2022 sets out eight (8) Key Strategic Objectives and interventions to support the achievements of the NSP

1. Accelerate prevention in order to reduce new HIV, TB and STI's
2. Reduce morbidity and mortality by providing treatment care and adherence support for all
3. Reach all key and vulnerable population with customized and targeted interventions
4. Address the social and structural drivers of HIV, TB and STI's
5. Ground the response to HIV, TB and STI's in Human Rights principles and approaches
6. Promote leadership and shared accountability for a sustainable response to HIV, TB and STI's.
7. Mobilize resources and maximize efficiencies to support the achievements of NSP goals and ensure a sustainable response
8. Strengthen strategic information to drive progress towards achievements of NSP goals

#### **Achievements**

- Conducting of HCT Campaign across the district
- Hosting of Sexual Reproductive Health and Right Awareness program with learners
- Hosting of an Internal HCT Drive for SBDM employees
- Commemoration of World TB Day
- Hosting of Gender Based Violence Campaigns

- Hosting of Anti- Alcohol Abuse Campaigns
- Commemoration of the 16 Days of Activism and District World Aids Day

*Number of personnel associated with the Community and Social Services Function:*

1 Special Programmes Officer

1 HIV and Aids Coordinator

#### **COMPONENT E: ENVIRONMENTAL PROTECTION**

This component includes: pollution control; biodiversity and landscape; and coastal protection.

The SBDM and LMs (as agents of the SBDM) performed the pollution control responsibilities. These included air quality, monitoring of refuse sites, etc. Currently only some of the LMs have expertise in dealing with the various aspects of environment management, including biodiversity and coastal management. The matter of creating a position to deal with Environmental Management will be considered when the organogram is reviewed. The efforts of the SBDM to secure the services of an environmental management official from the National Department of Environmental Affairs were unsuccessful.

#### **3.15 POLLUTION CONTROL**

##### **INTRODUCTION TO ENVIRONMENTAL MANAGEMENT PLAN**

Sarah Baartman District Municipality is planning on development of a District Wide Environmental Management Plan which includes a waste management strategy and other environmental management strategies. The SBDM does not have the capacity to deal with this issue however a consultant can be appointed for advisory.

##### **Service Statistics for Environmental Pollution Control & Waste strategies**

Not applicable

#### **3.16 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)**

##### **INTRODUCTION BIO-DIVERSITY AND LANDSCAPE**

The function of biodiversity and landscape is administered jointly by the Economic Development and Planning Department and includes activities related to the protection of flora and fauna species, the protection of habitats and the protection of landscapes for their aesthetic values. At present the main activities are:

- ensuring participation by local municipalities in biodiversity capacity building programmed; and
- participating in meetings of planning forums such as the Greater Addo (SANParks) Planning forum, the Baviaanskloof Mega-Reserve Steering Committee, the Eastern Cape Biodiversity Implementing Committee, as well as the Coastal Management Steering Committee.

The strategic objective of the function is to safeguard the District's biodiversity in terms of indigenous plants and animals and the processes that sustain them

Sarah Baartman District Municipality signed a Memorandum of Understanding with Department Environmental Affairs to second an incumbent to specifically deal with Environmental management within the District.

#### **SERVICE STATISTICS FOR BIO-DIVERSITY AND LANDSCAPE**

Not applicable

#### **COMPONENT F: HEALTH**

This component includes: clinics; ambulance services; and health inspections.

##### **INTRODUCTION TO HEALTH**

The District Municipality does not render Primary Health Care Services, or ambulance services. This is the competency of the Eastern Cape Provincial Department of Health.

The District Municipality renders Municipal (Environmental) Health Services which includes health inspections and Surveillance of premises.

#### **3.17 CLINICS**

Not applicable

#### **3.18 AMBULANCE SERVICES**

Not applicable

#### **3.19 HEALTH INSPECTION; FOOD AND ABATTOIR LICENSING AND INSPECTION; ETC (ENVIRONMENTAL HEALTH SERVICES)**

##### **INTRODUCTION TO ENVIRONMENTAL HEALTH SERVICES**

The function of Municipal Health Services (MHS) in the District Municipality is administered as follows:

The Municipality has entered into Service Level agreements with 7 of its Local Municipalities: Kouga, Blue Crane Route, Makana, Ndlambe, Sundays River Valley, Kou-Kamma and Dr. Beyers Naude to render MHS on its behalf in their respective areas of jurisdiction.

The function includes the following activities:

- Water Quality Monitoring
- Food control
- Waste Management
- Health surveillance of premises
- Surveillance and Prevention of Communicable Diseases excluding
- Immunization
- Vector control
- Environmental pollution control
- Disposal of the dead
- Chemical safety

The function as rendered by the SBDM excludes Port Health, Malaria Control and Hazardous Substances which is the function and the competency of the Eastern Cape Department of Health and National Department of Health.

The strategic objectives of this function are to improve the health status of communities serviced through the identification, evaluation and control of critical factors that affect the physical, social and mental well-being of communities. MHS/EHS are mainly preventative health services, and are therefore largely protecting public health and preventing health hazards/risks and diseases.

#### **Key Issues for 2018/2019:**

- Highlighting and reporting a district overview of water quality in structures such as Mayoral Committee, District Wide Infrastructure Forum, Municipal Managers Forum and the District Mayor's Forum.
- Maintenance of Environmental Health Joint Management Committee with all Local Municipalities.
- Awareness projects were done in seven (7) Local Municipalities rendering Environmental Health Services: Dr. Beyers Naude, Kouga, Blue Crane, Sundays River Valley, Ndlambe and Makana on waste management, health and hygiene and animal outreach program.
- The SBDM entered into Memorandum of Agreement with National Department of Health the placement of Community Service Environmental Health Practitioner at the District Municipality. This arrangement will ensure that the incumbent is receives all the training and assistance required to be registered as qualified Environmental Health Practitioner.
- On the 13 & 14 June 2019, SBDM was Audited by the National Department of Health (NDOH) to ensure that the District Municipality is rendering MHS in line with National Norms and Standards for Environmental Health.

The purpose of the National Norms and Standards for Environmental Health are aimed at the following:

- Promoting compliance to applicable Environmental Health Legislations and provide National Approach in Standardizing activities in the Delivery of Environmental Health Services,
- Establish a level against which Environmental Health Services delivery can be assessed and gaps be identified,
- Strengthen the provision of Environmental Health Services in the Country as a Critical Program for Prevention and Development of Primary Health Care Services,
- Outlining acceptable Monitoring Standards for the delivery of Environmental Health and Surveillance of Premises.
- SBDM scored **74%** as part of the responsibility to render Environmental Health to the Sarah Baartman District communities.
- The quality of water and food was monitored through routine inspections and collection of water and food samples for the entire District.
- Disease outbreak monitoring executed with LMs in relation to both water-borne and food-borne diseases such Cholera, Shigella Dysentery and Food Poisoning throughout the District.
- Conducting Environmental Health Services Assessment for the entire District.

The total budget for the Environmental Health Services in the financial year 2018/19 was R 10,500,000. This amount includes the SBDM Head Office budget that is also utilised to service Baviaans (now part of Dr Beyers Naude Local Municipality). The contributions were budgeted for Local Municipalities and were paid as follows:

Local Municipality	Amount
Dr. Beyers Naude	R 1 798 300
Blue Crane Route	R 789 000
Sundays River Valley	R 1 308 200
Ndlambe	R 1 382 300
Makana	R 1 795 400
Kouga	R 2 471 000
Kou-Kamma	R 955 800
<b>Total</b>	<b>R 10 500 000</b>

#### **Number of personnel associated with the Environmental (Municipal) Health Function:**

- 1 x Environmental Health Manager
- 1 x Environmental Health Practitioner
- 1 x Environmental Health Practitioner (Vacant)

1 x Environmental Health Practitioner (Community Service Candidate)

## **COMPONENT G: SECURITY AND SAFETY**

This component includes: police; fire; disaster management, licensing and control of animals, and control of public nuisances, etc.

### **INTRODUCTION TO SECURITY & SAFETY**

The only functions in this component performed by the SBDM are Disaster Management and Fire Services

#### **3.20 POLICE**

Not applicable

#### **3.21 FIRE SERVICES**

### **INTRODUCTION TO FIRE SERVICES**

Local Municipalities in the District perform firefighting services on an agency basis for the SBDM. The District Municipality is involved in specific projects such as construction of fire stations, emergency response centres, purchase of fire tenders, standardisation of fire hydrants, etc.

The function of firefighting within the Municipality is administered within the Disaster Management Centre and includes:

- planning, co-ordination and regulation of fire services throughout the Sarah Baartman District
- provision of specialized firefighting services such as mountain, veld and chemical services
- coordinating of the standardization of infrastructure, vehicles, equipment and procedures
- training of fire officers

#### **Strategic Objectives:**

- Assist local municipalities with the development of fire services plans for their areas
- Assist each local municipality with the implementation of its fire services plan by rendering support with:
  - establishment of satellite fire stations in identified areas
  - recruitment of fire fighters, reservists and/or volunteers
  - Restoration of fire hydrants district wide
  - acquisition of fire/rescue vehicles, equipment and tools
  - training of fire officers, fire fighters, reservists and volunteers
- Lobby for funding to assist local municipalities with implementation of their fire services plans.
- Prepare business plans where necessary to secure funding.
- Make general public aware of the dangers of fires.

## **Key Issues for 2018/2019**

Contribute towards fire services at Local Municipalities by:

- Conducted Fire Services Assessment for the entire District.
- Proving office furniture and IT equipment for Ndlambe Integrated Emergency Centre Bushmansriver Mouth, Ndlambe Local Municipality.
- Procuring one (1) fire response vehicle for Ndlambe Integrated Emergency Centre.
- Procuring and handing over of two (2) fire response vehicles for Sandrift Fire Station, Kou-Kamma Local Municipality.
- Training of twenty one (21) Fire Fighters from Kouga, Makana, Ndlambe and Dr. Beyers Naude Local Municipalities.
- Procuring and handing over of three fire response vehicle (3) for Dr. Beyers Naude Local Municipality
- Procuring one (1) fire response vehicle for Makana Municipality.
- Providing Fire Investigation training for 6 Local Municipalities except Kou-Kamma Local Municipality through Santam Partnership.
- Providing Fire Instructor training for 6 Local Municipalities except Kou-Kamma Local Municipality through Santam Partnership.
- Providing financial assistance to all 7 LMs for rendering fire services in their areas in terms of a Service Level Agreement as per an agreed model.

## **Funding**

Sarah Baartman District Municipality has made available an amount of R 17,959,000 for Fire Services inclusive of SLA allocation for 7 Local Municipalities.

## **Staff Complement in the Fire Service Unit:**

1 x District Fire Services Coordinator (Vacant)  
3 x Fire Fighters

## **3.22 OTHER (DISASTER MANAGEMENT, ANIMAL LICENSING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)**

### **INTRODUCTION TO DISASTER MANAGEMENT**

The Disaster Management Act No.57 of 2002 requires municipalities to establish functional Disaster Management Centers in their areas of jurisdiction. Sarah Baartman District Municipality is in full compliance with this legislation as the Centre was established to serve the people of Sarah Baartman District Municipality. A lot of measures in capacitating institution have been achieved to ensure compliance with the disaster management legislation. The function is being performed within the municipal building.

"Whilst hazards are inevitable, and the elimination of all risks impossible, there are many technical measures, traditional practices and public experiences that can reduce the extent or severity of economic, environmental and social disasters."

### **Strategic Objectives:**

Sarah Baartman District Municipality has defined strategic objectives in order to reach the overarching goal of developing more resilient communities in the Sarah Baartman Municipal Area. One of the objectives is to improve capacity of Local Municipalities to provide a timely and appropriate response to disasters complex emergencies, and other crises.

To promote and sustain an integrated and coordinated approach to disaster risk management by preventing and reducing risk and vulnerability; mitigating disaster severity; ensuring emergency preparedness; promoting rapid and effective response; ensuring the provision of relief and implementing rehabilitation and reconstruction measures consistently ensuring a developmental focus in order to give effect to applicable legislation

- Mitigate disasters in the Sarah Baartman District.
- Support and Capacitate local municipalities within the District and Communities at Risk on Disaster Risk Management issues.

### **Description of Activity**

The main activity is to coordinate disaster management activities in the Sarah Baartman District consistent with the provisions of the Disaster Management Framework and Disaster Management Act 57 of 2002. The framework covers the following KPAs:

- **KPA 1:** Establishing integrated institutional capacity for disaster risk management in the District
- **KPA 2:** Disaster Risk Assessment – A comprehensive risk assessment for the District in accordance with national and provincial standards and supporting guidelines must be conducted.
- **KPA 3:** Disaster Risk Reduction – Disaster risk reduction programmes must be developed and implemented
- **KPA 4:** Disaster Response and Recovery – Centre must identify agencies with responsibilities for the various operational activities associated with disaster response and recovery.

### **The key Issues for 2018/2019:**

- The Sarah Baartman District Municipality has been affected by Drought since 2016/17 financial year and SBDM Council declared a Local State of a Disaster.
- National Treasury provided funding for to the amount of R 303,108,000 for the entire district to assist Local Municipalities in the implementation of drought relief intervention projects.
- Providing funding for Development of Disaster Risk Management Plans for the District and its 7 Local Municipalities.
- Conducting Fire Awareness Campaigns in various schools.
- Disaster Management Internship Program

### **Number and cost of all personnel associated with the function:**

1 x Division Head (Vacant)

1 x Operations Manager  
1 x Training Officer  
4 x Satellite Officers  
1 x Secretary  
4 x Control Room Operators

### **Funding**

Sarah Baartman District Municipality has made an amount of R 2,790,000 available for Disaster Management Services for the 2018/2019 financial year.

### **COMPONENT H: SPORT AND RECREATION**

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

## **3.23 SPORT AND RECREATION**

### **INTRODUCTION TO SPORT AND RECREATION**

The SBDM has in previous years been involved in construction of sports fields in local municipality areas as a community services function. However, during the year under review, no sports fields were constructed by the SBDM, and this function is accordingly not applicable.

### **COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES**

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services.

## **3.24 EXECUTIVE AND COUNCIL**

This component includes: Executive office (Mayor; Councilors; and Municipal Manager).

### **INTRODUCTION TO EXECUTIVE AND COUNCIL**

Information relating to the Executive and Council is contained in Chapter 2 – Component A – Political and Administrative Governance.

## **3.25 FINANCIAL SERVICES**

In the Sarah Baartman District, the local municipalities provide basic services such as provision of water, sanitation and refuse removal. Electricity is provided by the local municipalities in the larger towns. Eskom

provides electricity in many of the smaller towns and rural areas. The information required is available from the annual report of LMs.

Refer to the Municipal Manager's Overview on financial matters of the SBDM– pages 10-16.

## 3.26 HUMAN RESOURCE SERVICES

### INTRODUCTION TO HUMAN RESOURCE SERVICES

The Sarah Baartman District Municipality [SBDM] approved a Strategic Human Resource Management Plan which is a statement on how the Municipality seeks to achieve the objectives in the IDP. The plan is now in the process of being reviewed and aligns the Human Resource Management Goals and Strategies with SBDM's IDP.

#### Priority Objectives

The Plan includes key areas as detailed below:

1. Human Resource Management – Key policies were reviewed during the year and checklists were introduced to improve compliance with laws and regulations. Strategies were also introduced to improve communication.
2. Human Resource Provisioning – Recruitment and selection practices were developed to promote efficient systems to speed up the filling of vacancies. Induction and orientation programmes were also improved. These were implemented after the moratorium on the filling of vacancies was lifted.
3. The challenge had in delayed appointments on positions had been experienced particularly on high level technical posts with a difficulty in attracting the right caliber of applicants. This resulted in the institution having to headhunt and approach employment agencies to source suitable candidates.
4. The performance of all employees is appraised on a quarterly basis by using the Performance Management System. These reviews, as well as intervention strategies, have improved the performance of employees. Integrated health, safety and wellness programmes are being developed to assist in improving the morale of employees.
5. The performance reviews further assists the SBDM in identifying additional core critical skills gaps which are normally not listed when employees complete their Skills Audit forms during the development of the annual Work Place Skills Plan.
6. Human Resource Development – each year a Skills Audit is conducted and a Workplace Skills Plan is developed. The training programmes have improved skills and capacity in the institution. Adequate budget provision has been made for all senior and middle managers to undergo Minimum Competency Training as required by the regulations of National Treasury.
7. To date approximately 95% of Managers at the level where possible promotions to the Senior or Middle Management have undergone training on Council sponsored Minimum Competency training.
8. In addition to the above provisions SBDM has identified nine [9] Supervisory level and Technical employees to undergo the same training interventions who are at an advance stage of

completion.

9. Labour Relations – During the year under review, strategies were adopted to improve labour relations and regular Local Labour Forum meetings with the labour unions were held to consult on various labour related issues.
10. A sound labour relations environment is maintained through regular feedback communications from the Office of the Municipal Manager on issues that matters most from employee welfare to performance.
11. The job evaluation unit has been in operation since 2016 and the concentration has been on local municipalities. The approval of a new organogram should pave a way for internal processes to fast track the project.
12. The appointment of a Service Provider to deal with writing of job descriptions and quality assurance thereto has seen formidable improvements which led to Job Evaluation Committee [DJEC] able to evaluate jobs and refer them to the Provincial Audit Committee [PAC] for ratification and approval.

#### SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

Employees: Human Resource Services					
Job level (TK LEVEL)	2017/2018	2018/2019			
	Employees	Posts	Employees	Vacancies (Fulltime equivalents)	Vacancies (% of total posts)
9-11	3	3	2	1	33%
17	1	1	1	0	0%

Capital Expenditure 2018/2019: Human Resource Services					
Capital projects	2018/2019				
	Budget	Adjustment budget	Actual Expenditure	Variance from original budget	Total Project value
Project A:	Integrated MSCOA System was budgeted and approved				
<i>The mSCOA System (SAGE) was procured during the previous year. The system has a comprehensive integrated Human Resource module which utilises VIP for payroll purposes. The system was not fully integrated during the year due to challenges experienced with the Service Provider. It is envisaged that this module will be fully operational in the following financial year.</i>					

## 3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

### INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

#### 1. Progress on ICT Governance Implementation

##### a) ICT Steering Committee Charter and Terms of Reference

The ICT Steering Committee plays one of the key ICT governance roles within the Municipality and as such it is necessary to describe the roles and responsibilities of the Committee and the membership and meeting structure that suits the needs of the Municipality in the ICT Steering Committee Charter and it should be given appropriate status within the corporate planning and management environment

According to the charter, the Municipal Manager has identified the members of the ICT Steering Committee as follows:

- Chairperson: Portfolio Councilor of Finance
- Municipal Manager
- All Directors or a representative from each directorate
- A representative from Internal Auditing and Risk Management
- Senior Manager: Finance
- Accountant: Financial Accounting Division
- Accountant: Income and Expenditure Division
- ICT Unit

##### b) ICT Corporate Governance Policy ICT Framework

The Corporate Governance of Information Communications Technology (**CGICT**) is an integral part of the governance system in municipalities. It specifically addresses the following issues:

- Evaluating, directing and monitoring the alignment of the municipal ICT strategy with the municipal IDP's and related strategies;
- The monitoring of ICT service delivery to ensure a culture of continuous ICT service improvements exist in the municipality; and
- Determining ICT strategic goals and plans for ICT service delivery as determined by the Service Delivery and Budget Implementation Plan (SDBIP) objectives of the municipality.

To enable a municipality to implement this Municipal Corporate Governance of ICT Policy, a three-phased approach will be followed:

##### (a) **Phase 1 – Enabling Environments:**

The Corporate Governance of ICT environments will be established in Municipalities through the adoption of this Municipal Corporate Governance of ICT Policy and its associated policies through Council resolution;

##### (b) **Phase 2 – Business and Strategic Alignment:**

Municipalities will plan and implement the alignment between IDPs, strategic goals and ICT strategy.

**(c) Phase 3 – Continuous Improvement:**

Municipalities will enter into an on-going process to achieve continuous improvement of all elements related to the Governance of ICT.

Progress to date

SBDM has achieved the expected deliverables of **Phase 1(Enablement Phase)** which were due by June 2017.

The following policies have been completed and adopted by council as required by the policy:

- ICT Corporate Governance Policy
- Municipal Corporate Governance of ICT Charter
- ICT Steering Committee Charter
- Disaster Recovery Plan
- ICT SLA Management Policy
- ICT Security Management Policy
- ICT User Access Management Policy
- ICT Code of Conduct
- ICT Firewall Management Policy
- ICT Change Management & Control Policy

The municipality's focus during this year was on **Phase 2 Strategic Alignment** which was due by June 2019 and included the following areas:

1. Enterprise Architecture
2. ICT Strategy
3. ICT Migration Plan
4. ICT Performance indicators as contained in the municipalities Performance Management System.

The municipality has reviewed its Enterprise Architecture and resolutions were taken to adopt an optimum architecture. Also, the job descriptions of the positions within the ICT Unit was reviewed and amended to ensure inclusiveness and alignment to all policies and procedures.

**2. ICT Infrastructure Assessment**

The scope and objective of this assessment was to identify key ICT infrastructure areas within the Sarah Baartman District Municipality that required urgent attention to be rectified, addressed and or to be replaced with suitable solutions. To also inform and communicate to the Municipality the findings and requirements to address the identified areas in alignment with recommended solutions

The scope of this assessment was limited to the ICT Infrastructure Environment; no detailed assessment was completed at end user level

The following areas were assessed:

- a) IT Infrastructure and Systems
  - Server hardware
- b) Network Infrastructure
  - Switches

- Router
- Firewall
- Internet Gateway

- c) Power Infrastructure
- MGE UPS System

Based on the assessment completed, an executive summary of the findings was presented at the ICT Steering Committee with recommendations to migrate from physical servers to virtual servers with reduced costs which were subsequently accepted and adopted.

### **3. Implementation of Municipal Standard Charts of Accounts (mSCOA)**

A new financial system, Sage Evolution, was procured and implemented by a service provider on 1 July 2017 to ensure that the municipality complies with the mSCOA Chart of Accounts. This system was procured through a Transversal Tender process by National Treasury. The service provider was appointed for a 3-year period ending 30 June 2020.

The service provider was only appointed in March 2017 and therefore only the core modules (Procurement/Creditors (Payments)/Payroll) were implemented on 1 July 2017 to ensure that the municipality's operations continued with minimal impact on the Service Delivery Departments. Training was provided to relevant staff.

The municipality was acknowledged as the best performing Municipality in the Province on implementation of mSCOA by Provincial Treasury as all monthly mSCOA reporting (by means of datastrings) were correct. This has subsequently changed due to the challenges experienced as indicated below.

The following challenges experienced with the implementation of the new financial system are as follows:

No.	Challenge	Actions implemented
1.	Delay in receiving Software Licences from service provider.	Intervention by CFO and meetings convened with Managing Director of the service provider.
2.	Not all modules are fully operational.	Officials logged and monitored issues with Technical Consultant. Urgent issues were dealt with through meetings and teleconferences.
3.	Weak control environment/ Lack of key controls in new financial system. Reliance cannot be placed on data produced by the system.	Manual controls and verification by finance officials.
4.	A-schedules in respect of 2018-19 budget were not functional on the budget module.	Finance officials compiled A-schedules manually. The matter was escalated to National Treasury.
5.	The conversion of the mSCOA chart from v6.1 to v6.2 (as required by National	The matter was escalated to National Treasury.

	Treasury) was not completed timeously by the service provider.	
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## 3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

This component includes: property; legal; risk management and procurement services.

### INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

Risk Management and Procurement services have been covered under 2.6 and 2.8 above respectively.

#### Property

The SBDM currently operates its administration and all its Council affairs out of one administration building. The Municipality has several investment properties in various parts of the District. The manner in which they are classified, their location, size, values etc are contained in the Asset Register.

#### Legal Services

There is one Senior Manager: Legal Services who is responsible for litigation, to ensure compliance with all relevant Acts and Regulations, provide legal opinions in legal actions leveled against the Municipality, give advice on labour matters, assist in investigations relating to disciplinary hearings, prepare legal documents such as lease agreements, contracts etc, provide legal support to local municipalities and attend to all legal matters of the municipality. There are however complex legal issues that are dealt with by external legal service providers, Goldberg & De Villiers Inc.

### SERVICE STATISTICS FOR LEGAL SERVICES

#### 1. Management of litigation

- a. Favourable cases - Nil
- b. Unfavourable cases - Nil

There are two (2) pending cases that have not been finalized, as detailed hereunder:

Case name	Nature of the case	Date of commencement	Reasons for extensive duration
D S Van der Westhuizen/SBDM & Others	Illegal occupation of farm land by community members of SRVM,	July 2013	File pended indefinitely

SRV Contractors V SBDM & Other	Construction dispute	April 2017	The matter is defended
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- 2. Default judgments - Nil
- 3. Prevention mechanisms of current litigations

The SBDM Risk Management Strategy incorporates the assessment of legal risk and the strategies that can be put in place as prevention mechanisms for such risks as identified. Every year a workshop on Risk Management is conducted.

- 4. Criminal matters emanating from corruption and fraud –Nil
- 5. Management of Legal Risks  
There is no specific policy dealing with management of legal risk, this is dealt with in the Municipality's Risk Management Strategy.

#### COMMENT ON THE PERFORMANCE OF PROPERTY SERVICES OVERALL:

All investments are made on property belonging to local municipalities. These have become assets of the local municipalities.

#### COMPONENT J: MISCELLANEOUS

Not applicable to SBDM

#### COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

This component includes: Annual Performance Scorecard Report for 2018/19.



ANNUAL PERFORMANCE REPORT 2018/19

Project	Key Performance Indicator	Department	GFS	Annual Target	Year-end Actuals	Annual Target	Actual	Expenditure	Actual & revised for variance Annual Target	State if Project is Completed, Target Achieved, Target Not Achieved or Not Started	Evidence available Yes/No	
Project Ref ID: NER1	Training of 10 Fire Fighters completed	Infrastructure Development and Community Services	Public Safety	Fire Fighting Training completes	2017/18	Training of 10 Fire Fighters completed	Training of 10 Fire Fighters completed	R 925 000	R 925 000	Completed	Not Applicable	
Assessment Ref ID: NER2	Fire Functionality Assessment completed and accepted	Infrastructure Development and Community Services	Public Safety	Fire Functionality Assessment Completes	Only 14 fire fighters were trained. On calling for bids it was found that the planned budget to train 15 fire fighters was not enough. Hence only 14 fire fighters were trained.	Fire Functionality Assessment not completed. Value No. of Draft Report for each Local Municipality has been submitted by the service provider on 12 June 2018 and presented on 22 June 2018 at the District Fire Coordination Forum.	Upgrading of Fire Satellite Offices in KwaZulu-Natal 50% completed	R 400 000	R 0	Fire Functionality Assessment completed. The implementation report presentation was rescheduled for August, but could not occur due to the rescheduling of the Mayoral Committee meeting. The project has now been rescheduled and will be completed by the end of November 2018.	Completed	Not Applicable
Assessment Ref ID: NER3	Upgrading of Fire Satellite Offices in KwaZulu-Natal completed	Infrastructure Development and Community Services	Public Safety	N/A	N/A	Upgrading of Fire Satellite Offices in KwaZulu-Natal 50% completed	R 1 600 000	R 0	Upgrading of Fire Satellite Offices in KwaZulu-Natal 50% could not be implemented in the allocated year. Instead, during the budget time on the scheduled day and the service provider could not attend due to the re-scheduling of the time.	Target Not Achieved	The project will have to be considered for funding in subsequent financial years. Yes	
Assessment Ref ID: NER4	Development of Disaster Management Plans for SADM (T1 Line) completed	Infrastructure Development and Community Services	Public Safety	N/A	N/A	Final Draft Disaster Management Plans for T1 Lines completed	R 2 000 000	R 0	Final Draft of Disaster Management Plans for T1 Lines have been completed. The service provider was appointed in May 2018 and the initial meeting was held on 6 June 2018.	Target Not Achieved	The Submission of the Final Draft Disaster Management Plans for three (3) LMs is anticipated to be submitted by end October 2019.	
Assessment Ref ID: NER5	Development of Disaster Management Plans for SADM (T2 Line) completed	Infrastructure Development and Community Services	Public Safety	N/A	N/A	Final Enhanced Health Services Report completed and accepted by the service provider	R 650 000	R 650 000	Final Enhanced Health Services Report completed and accepted by the service provider. The Department does not keep track of the quality of the work done by the service provider.	Target Not Achieved	The Department are working with the service provider to finalize the Assessment Report. Yes	
Assessment Ref ID: NER6	Environmental Health Services Assessments (to be held at the Union) Report accepted by Council	Infrastructure Development and Community Services	Public Safety	Planning & Development	N/A	Provide assistance through 1 training workshop held in the Local Municipalities to assist in identifying key support areas. This has been accomplished as of 31 May 2018 and the service provider was appointed on 11 June 2018.	R 1 984 000	1 464 524.34	The Chair training workshop for the 7 LMs was held on 4-5 April 2018. An analysis of the Auditor General's report on the 7 LMs was performed to identify the Local Municipalities were not in compliance with the requirements of the Act. A meeting was held with the service provider to discuss the findings and recommendations were made. An assessment of the 7 LMs was performed. The Service Complainance Assessment was performed for 7 LMs (Gqamri, Nkandla, Mzansi, KwaZulu-Natal Only). The 2nd LM (Umlazi) was not in compliance and the information required to perform the assessment was not provided by the LM (umlazi).	Target Not Achieved	A report will be submitted to the Regional Committee on 1 July 2018 with the recommendations. The report will include the Assessment of the 7 LMs.	
Assessment Ref ID: NER7	Finance & Admin	Finance & Cooperatives	Finance and Admin	1. Provision of assistance to 7 LMs in respect to CRAF compliance & Audit Outcomes. One CRAF WSop 2. Assessing all Audit Reports of LMs 3. Coding of all Terms of LM to assist in addressing the Financial Sustainability of LMs 4. Assess the completeness of Revenue in results in relation to the financial sustainability of LMs	N/A	Provide assistance through 1 training workshop held in the Local Municipalities to assist in identifying key support areas. This has been accomplished as of 31 May 2018 and the service provider was appointed on 11 June 2018.	R 1 984 000	1 464 524.34	The Chair training workshop for the 7 LMs was held on 4-5 April 2018. An analysis of the Auditor General's report on the 7 LMs was performed to identify the Local Municipalities were not in compliance with the requirements of the Act. A meeting was held with the service provider to discuss the findings and recommendations were made. An assessment of the 7 LMs was performed. The Service Complainance Assessment was performed for 7 LMs (Gqamri, Nkandla, Mzansi, KwaZulu-Natal Only). The 2nd LM (Umlazi) was not in compliance and the information required to perform the assessment was not provided by the LM (umlazi).	Target Not Achieved	A report will be submitted to the Regional Committee on 1 July 2018 with the recommendations. The report will include the Assessment of the 7 LMs.	
Assessment Ref ID: ED004	2 SMEs and 2 Cooperatives (Financially and non-financially) supported in the District	Planning and Economic Development	LED	2 SMEs and 2 Cooperatives (Financially and non-financially) supported in the District	5 SMEs supported. 1 SME in Mzansi and 4 in Umlazi. Zero Cooperatives supported. The Co-operatives were not supported in Mzansi due to the service provider that was appointed, could not deliver the service.	2 SMEs and 2 Cooperatives in the District supported financially and non-financially	R 1 500 000	230 010.50	2 SMEs and 2 Cooperatives supported. Out of the 11 SMEs and Cooperatives supported, Out of the 11 3 were not financially matured. In Umlazi, 2 SMEs and 1 Cooperatives were not financially matured. In Mzansi, 2 SMEs and 1 Cooperatives were not financially matured. In Gqamri, 1 SME and 1 Cooperatives were not financially matured. In KwaZulu-Natal, 2 SMEs and 1 Cooperatives were not financially matured. In Nkandla, 1 SME and 1 Cooperatives were not financially matured. In Pongola, 1 SME and 1 Cooperatives were not financially matured. In Umlazi, 2 SMEs and 1 Cooperatives were not financially matured. In Zululand, 1 SME and 1 Cooperatives were not financially matured. In Mzansi, 2 SMEs and 1 Cooperatives were not financially matured.	Target Not Achieved	No Applicable	
Assessment Ref ID: ED005	4 DST meetings held within the District in all LMs. 2 LED capacity building	Planning and Economic Development	LED	Meet 4 DST meetings and facilitate 2 LED capacity building programmes	N/A	Meet 4 DST meetings and facilitate 2 LED capacity building programmes	R 100 000	38 467.63	DST Meeting held in Durban scheduled for January 2019 and the best team to be used for the DST meeting is not available. Due to the fact that they will be requested to serve their members in the event that they are not available to meet them.	Target Not Achieved	No Applicable	



Project	Proj. no.	Key Performance Indicator	Department	GPS	Annual Target 2017/18	Year-end Actual 2017/18	Annual Target 2018/19	Actual & reason for variance Annual Target 2018/19	Actual Expenditure 2018/19 Rands	Actual Expenditure 2018/19 Rands	State If Project is Completed, Target Achieved, Target Not Achieved or Not Started	Evidence available Yes/No
1.5 Support Strategic projects	1500000000	Development of a Comprehensive Support Strategy for 7 Local Municipalities Identified needs	Municipal Manager	Planning and Development	Comprehensive Support Strategy Plan developed for 7 Local Municipalities	Comprehensive Support Strategy Plan developed for 7 Local Municipalities	R 300 000	R 477 765 Comprehensive Support Strategy Plan developed for 7 Local Municipalities and the first phase will be to review the plan before 31 December 2018	R 300 000	R 477 765	Target Achieved	Yes

Accounting Officer: Mr D.M. Phayef \_\_\_\_\_ Date: \_\_\_\_\_  
 re Management, Skills Development and Welfare Conditions etc. 2. LED Capacity Building Programme: Training of LD Officers in the District. 3. Institutional Support in respect to annual confirmed audience of LD Officers in an obligation entailed to the District through National Tourism Sector

# CHAPTER 4

## CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

### COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

#### 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Description	Employees					
	2017/2018		2018/2019			
	Employees No	Approved posts No	Employees No	Vacancies No	Vacancies %	
Water and Sanitation	0	1	0	1	100%	
Housing	0	0	0	0	0%	
PMU	2	3	1	2	66%	
Roads and Transport	0	0	0	0	100%	
Planning	1	3	3	0	0%	
Local Economic Development	3	6	4	2	33%	
Environment Protection (EHS)	2	2	2	0	0%	
Corporate Policy and other	19	21	19	2	9%	
Disaster Management /Fire	14	16	14	2	13%	
Office of Municipal Manager	9	13	9	4	27%	
Finance	14	15	14	1	6%	
Infrastructure Services	4	4	4	0	0%	
<b>Totals</b>	<b>68</b>	<b>84</b>	<b>70</b>	<b>14</b>	<b>16%</b>	
<b>Vacancy rate: 2018/2019</b>						
Designations	Total approved posts		Vacancies		Vacancies	
	No		No		%	
Municipal Manager	1		0		0	
CFO	1		0		0	
Other S57 Managers (excl Finance posts)	2		0		0	
Other S57 Managers (Finance posts)	0		0		0	

Police officers	N/A	N/A	0
Fire fighters	3	0	100%
Professionally Qualified & Experienced Specialist/Mid Management TK 14 – 18 (excl Finance posts)	9	4	44%
Professionally Qualified & Experienced Specialist/Mid Management TK 14 – 18 ( Finance posts)	1	1	0%
Skilled Technical & Academically Qualified /Junior Management TK 9-13 (excl Finance posts)	21	5	23%
Skilled Technical & Academically Qualified /Junior Management TK 9-13 (Finance posts)	7	0	0
<b>Total</b>	<b>45</b>	<b>10</b>	<b>22%</b>

#### **COMMENT ON VACANCIES AND TURNOVER:**

All section 54A and Section 56 Managers are appointed and following the lifting of the moratorium vacancies have steadily been filled. Some vacancies in the professional level remain a challenge. The Council is in the process of reviewing all job descriptions.

#### **COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE**

##### **INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT**

Over the course of the year, the SBDM developed and updated several policies. These policies are normally canvassed firstly at the Local Labour Forum and then submitted via the Mayoral Committee to Council. All staff has subsequently received copies of the policies.

## 4.2 POLICIES

HR Policies and Plans				
	Name of policy	Completed	Reviewed	Date adopted by Council or comment on failure to adopt
1	Time and Attendance	100%	2017/2018 period	May 2017
2	Employee Transport and Funeral	100%	2017/2018 period	May 2017
3	Cellphone Policy	100%	2017/2018 period	May 2017
4	ICT Policies	100%	2017/2018 period	May 2017
5	Disciplinary Code Collective Agreement	100%	National Competence, discussed and finalised at SALGBC	December 2017
6	HIV/Aids Collective Agreement	100%	National Competence, discussed and finalised at SALGBC	Extended until 2020
7	Wage Curve	100%	National Competence, discussed and finalised at SALGBC	2018-2020
8	Essential Services	100%	National Competence, discussed and finalised at local level and submitted to SALGBC for ratification	2017

## 4.3 INJURIES, SICKNESS AND SUSPENSIONS

No incidents of injury on duty during the year under review.

Number of days and cost of Sick Leave (excl Injuries on duty) Requested information from APPX						
Category	Total sick leave days	Proportion of sick leave w/out medical certification	Employees using sick leave	Total employees in post	Average sick leave per employee	Estimated cost
Professionally qualified and experienced	90	23.5	8	12	8.88	R 220 023.70
Semi-skilled and discretionary decision	240.5	44	21	23	8.73	R 175 151.60
Senior management	5	0	1	3	0.2	R 14 400.04
Skilled technical and academically qualified	217.5	44.5	27	27	8.06	R336,499.40
Top management	0	0	0	1	0	R 0.00
Unskilled and defined decision making	25	2.00	2	2	12.5	R 18029.95

Number and period of suspensions				
Nature of misconduct	Date of suspension	Details of disciplinary hearing	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
0	0	0	0	0

## 4.4 PERFORMANCE REWARDS

Number and period of suspensions				
Nature of misconduct	Date of suspension	Details of disciplinary hearing	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
0	0	0	0	0

### COMMENT ON PERFORMANCE AWARDS

Performance reviews with panels for MM and Sec 57 must still be constituted for 2017/18 and therefore no awards to beneficiaries are indicated.

## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

- SBDM has a Skills Development Programme policy which ensures that all employees are trained through an annual approved Workplace Skills Plan.
- Individual profiles are drawn and skills and knowledge gaps are identified on an annual basis against Council broader objectives in order to train employees.
- A budget is set aside annually for training of employees in soft skills, full academic qualification, work related training etc;
- In addition SBDM has budgeted an amount of R250 000.00 to provide study assistance to employees who wish to study part time and improve their qualifications at various universities and colleges.
- Directors and Managers are sent on training programmes to enable them to obtain competency qualifications as prescribed by National Treasury.

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## 4.5 SKILLS DEVELOPMENT AND TRAINING

### **Skills Programs**

<b>NO</b>	<b>COURSE</b>	<b>TOTAL NUMBER BENEFITED</b>
1.	MS Exchange 2010	1
2.	Red hat linux	1
3.	CORBIT 5 Foundation Course	1
4.	Management/ITIL	1
5.	MFMP	17

### **FULL QUALIFICATION**

<b>QUALIFICATION</b>	<b>TOTAL NO BENEFITED</b>	<b>INSTITUTION</b>
Bachelor Of Commerce HON HRM	2	MANCOSA
National Diploma Human Resource Management	1	NMMU
National Diploma Management	1	NMMU
Diploma Records Management	1	Southern Business School
Bachelor of Business Administration	1	Southern Business School
Diploma in management	1	Southern Business School
BA Disaster & Safety Management	1	Lyceum College
Monitoring and Evaluation	1	Stellenbosch
Bachelor of Public Administration Honours	1	MANCOSA

SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:

Financial Competency Development: Progress report						
Description	A. Total number of officials employed by municipality	B. Total number of officials employed by municipal entities	Consolidated : Total of A and B	Consolidated competency assessments completed A and B	Consolidated Total number of officials whose performance agreements comply with Regulation 16 (regulation 14(4)(f)	Consolidated total number of officials that meet prescribed competency levels (Reg 14(4)(e4)
<b>Financial Officials</b>	<b>8</b>	<b>1</b>	<b>8</b>		<b>NA</b>	<b>5</b>
<i>Accounting officer</i>	1	0	1	1	1	1
<i>CFO</i>	1	0	1	1	1	1
<i>Senior managers</i>	2	0	2	2	2	2
<i>Other</i>	8	-	8	3	<b>NA</b>	<b>5</b>
<i>Other Finance</i>	5	-	5	5	-	-
<b>Supply Chain Management</b>	<b>2</b>	-	<b>2</b>	<b>2</b>	-	<b>1</b>

<b>officials</b>						
<i>Heads of SCM Units</i>	-	-	-	-	-	-
<i>SCM senior managers</i>	-	-	-	-	-	-

## **COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE**

### **4.6 EMPLOYEE EXPENDITURE**

NUMBER OF EMPLOYEES WHO'S SALARIES WERE INCREASED DUE TO THEIR POSITIONS BEING UPGRADED - 2

EMPLOYEES WHOSE SALARY LEVELS ARE PERSONAL TO HOLDER FOLLOWING IMPLEMENTATION OF JOB EVALUATION - 23

EMPLOYEES APPOINTED TO POSTS NOT APPROVED - nil

#### **EMPLOYEE COSTS**

The Employee costs for the municipality in the 2018/19 financial year amounted to R41 558 071 which included an amount of R7 297 600 for Councillors Remuneration.

#### **DISCLOSURES OF FINANCIAL INTERESTS**

This information is contained in the financial statements. See Note 37 in the Annual Financial Statements (AFS).

## CHAPTER 5 – FINANCIAL PERFORMANCE

### **PLANNING AND BUDGETING**

The 2018/19 Medium-Term Revenue and Expenditure Framework (MTREF) was prepared in terms of the approved Integrated Development Plan and Budget process plan approved by Council. The 2018/19 MTREF was approved after stakeholder and community consultation by Council on 30 May 2018.

### **ACCOUNTING AND REPORTING**

The municipality has the necessary financial-related policies approved by Council and these policies are reviewed annually. The implementation of the policies assists in ensuring compliance with the Standards of Generally Recognised Accounting Practices (GRAP).

The annual financial statements are prepared internally in terms of GRAP. None of the GRAP standards which became effective during the financial year were applicable to the municipality. The annual financial statements were reviewed by management and internal audit before submission to the Audit Committee, for final review.

The high standard of accounting and reporting practices by the municipality has attributed to the municipality achieving its 13<sup>th</sup> consecutive Unqualified Audit Opinion from the Auditor-General.

### **ASSET AND LIABILITY MANAGEMENT**

#### *Assets*

The total assets of the municipality amounts to R280.6 million with the current assets amounting to R229.5 million and the non-current assets amounting to R51.1 million respectively. The current assets are mainly comprised of short-term investments and cash and cash equivalents and the non-current assets comprising of investment property, property, plant and equipment and heritage assets.

The municipality had an approved budget for capital expenditure of R9.5 million for the financial year. An amount of R3.9 million was spent which equates to 41% of the approved budget.

It is however important to note that the municipality does not have infrastructural assets. All capital assets implemented at the municipality as projects forms part of project expenditure and upon completion of the project, the asset is capitalized in the respective local municipalities' accounting records.

#### *Liabilities*

The total liabilities of the municipality amounts to R85.9 million with the current portion amounting to R30.4 million and the long-term portion R55.5 million. The current portion is mainly comprised of payables from exchange transactions and the short-term portion of post-employment medical benefits.

The payables from exchange transactions amount to R24.9 million. Of this amount, R14.7 million relates to the Municipal Infrastructure Grant and interest that the municipality is administering on behalf of Makana Local Municipality.

## **REVENUE AND EXPENDITURE MANAGEMENT**

### *Revenue*

The total revenue generated by the municipality for the financial year amounted to R112.3 million with 82% attributable to government grant and subsidies and 15% to interest income.

The above results demonstrate the municipality's over-reliance on government grants and interest generated from cash investments. The limited increases in the government allocations through the Division of Revenue Act impacts negatively on the municipality's revenue base. Also, the use of accumulated surplus to fund the budget reduces the potential interest income generated on cash investments.

The municipality received the following grants in accordance with the Division of Revenue Act:

#### *Unconditional grants*

Equitable Share	R 24 262 000
Levy Replacement Grant	R 64 080 000

The above grants were utilized in the operations of the municipality.

#### *Conditional grants*

Finance Management Grant	R 1 000 000
Expanded Public Works Programme Grant	R 1 000 000
Rural Roads Asset Management Systems Grant	R 2 240 000

All grants received through DORA have been fully utilized in terms of the conditions of the grants and no application for rollovers where necessary. Regular reports were submitted to the relevant government departments as well as Nation Treasury.

#### *Expenditure*

The actual expenditure incurred amounts to R113.4 million for the financial year, which represents 62% spent of the 2018/19 adjusted budget.

Employee costs including councilors remuneration represents 40% of the total expenditure incurred.

## **SUPPLY CHAIN MANAGEMENT**

The municipality has an approved Supply Chain Management Policy, which is being implemented effectively by the Supply Chain Management unit and officials. The internal control environment is strong and is improving continuously.

The irregular expenditure amounted to R1.5 million for the year which has increased from the prior year. The irregular expenditure is as a result of non-compliance on bids awarded.

The municipality will be monitoring the current controls in place to ensure that incidents of non-compliance are reduced and prevented.

## **OTHER FINANCIAL MANAGEMENT**

	<b>Indicator name</b>	<b>Target set for the year</b>	<b>Achievement level during the year</b>	<b>Achievement percentage during the year</b>
		R / %	R / %	%
1	Percentage of expenditure on capital budget	9.5 mil	3.9 mil	41%
2	Salary budget as a percentage of the total operational budget	32%	25%	78%
3	Total municipal own revenue as a percentage of the total actual budget	47%	10.8%	23%
4	Percentage of FMG budget appropriately spent	1.0 mil	1.0 mil	100%
5	Percentage of EPWP budget appropriately spent	1.0 mil	1.0 mil	100%
6	Total actual trade creditors as a percentage of total actual revenue	6.6%		
7	Rate of municipal consumer debt reduction	There are no municipal consumer debtors as the municipality does not have consumers. Its primary debtors are Organs of State.		
8	Percentage of MIG budget appropriately spent	The municipality does not receive its own MIG allocation. The municipality did however receive MIG on behalf of Makana Local Municipality		
9	Arrears in property rates and service charges	The municipality does not levy property rates or service charges		

FINANCIAL INDICATORS			
(Limitation = unable to obtain sufficient appropriate information)		AS AT 30 JUNE 2019	AS AT 30 JUNE 2018
<b>BUDGET MANAGEMENT</b>			
1.1	Percentage over-spending of the final approved operating expenditure budget	Not over-spent	Not over-spent
1.2	Percentage under-spending of the final approved capital budget	52%	52%
<b>GRANT MANAGEMENT</b>			
2.1	Percentage under-spending of conditional grants received	Not under-spent	Not under-spent
<b>EXPENDITURE MANAGEMENT</b>			
3.1	Creditor-payment period	26 Days	26 Days
<b>REVENUE MANAGEMENT</b>			
4.1	Debtor-collection period (before impairment)	No service debtors	No service debtors
4.2	Debtor-collection period (after impairment)	No service debtors	No service debtors
4.3	Debtors impairment provision as a percentage of accounts receivable	58.7%	39.5%
<b>ASSET AND LIABILITY MANAGEMENT</b>			
5.1	A deficit for the year was realised (total expenditure exceeded total revenue)	Yes	No
5.2	A net current liability position was realised (total current liabilities exceeded total current assets)	No	No
5.3	A net liability position was realised (total liabilities exceeded total assets)	No	No
5.4	Percentage of PPE and/or intangible assets impaired	(0.13%)	(0.002%)
5.5	Percentage of loan receivables (loans awarded) and/or investments impaired	0%	0%
<b>CASH MANAGEMENT</b>			
6.1	The year-end bank balance was in overdraft	No	No
6.2	Net cash flows for the year from operating activities were negative	No	Yes
6.3	Cash and cash equivalents as a percentage of operating expenditure	35.6%	61.1%
6.4	Creditors as a percentage of cash and cash equivalents	61.8%	19.7%
6.5	Percentage by which unspent conditional grants received exceeds cash available	Not exceeded	Not exceeded

FINANCIAL INDICATORS			
(Limitation = unable to obtain sufficient appropriate information)		AS AT 30 JUNE 2019	AS AT 30 JUNE 2018
	at year-end		
6.6	Current liabilities as a percentage of net cash inflows for the year from operating activities	<b>1.55</b>	<b>N/A - Cash outflow during the year</b>
6.7	Long-term debt as a percentage of net cash inflows for the year from operating activities	<b>2.84</b>	<b>N/A - Cash outflow during the year</b>
6.8	Employee benefit obligation as a percentage of net cash inflows for the year from operating activities	<b>2.84</b>	<b>N/A - Cash outflow during the year</b>

#### OVERSIGHT AND OPERATIONAL CONTINUITY

The municipality prepares the required reports in terms of the Municipal Finance Management Act which include amongst other, the section 71 monthly report, section 52 quarterly report, section 72 mid-year report and the quarterly supply chain management report. The reports are submitted to Treasury, Sector Departments and the Auditor-General (where applicable).

The above reports include all relevant information such as budget versus actual performance, reasons for variances, etc. These reports are submitted to the Audit Committee, Municipal Public Accounts Committee, Mayoral Committee and Council for monitoring and oversight.

## CHAPTER 6

### CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

#### COMPONENT A

##### 6.1. AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2017/2018

###### AUDITOR-GENERAL REPORT 2017/2018

### **Report of the auditor-general to Eastern Cape Provincial Legislature and the Council on Sarah Baartman District Municipality and Cacadu District Development Agency**

#### **Report on the audit of the consolidated and separate financial statements**

##### **Opinion**

I have audited the consolidated and separate financial statements of the Sarah Baartman District Municipality and Cacadu District Development Agency set out on pages ... to ..., which comprise the consolidated and separate statement of financial position as at 30 June 2018, the consolidated and separate statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Sarah Baartman District Municipality and the Cacadu District Development Agency as at 30 June 2018, and its consolidated and separate financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017) (DoRA).

##### **Basis for opinion**

I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the consolidated and separate financial statements section of this auditor's report.

I am independent of the group in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Emphasis of matters**

I draw attention to the matters below. My opinion is not modified in respect of these matters.

### **Material impairment – trade debtors**

As disclosed in the statement of financial performance, material losses of R2 031 021 were incurred as a result of the increase in the provision for debt impairment.

## **Other matters**

I draw attention to the matters below. My opinion is not modified in respect of these matters.

### **Unaudited disclosure notes**

In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the consolidated and separate financial statements. This disclosure requirement did not form part of the audit of the consolidated and separate financial statement and, accordingly, I do not express an opinion on it.

## **Responsibilities of the Accounting Officer for the consolidated and separate financial statements**

The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2017 (Act No.3 of 2017) (Dora) and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the accounting officer is responsible for assessing Sarah Baartman District Municipality and Cacadu District Development Agency's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

## **Auditor-general's responsibilities for the audit of the consolidated and separate financial statements**

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report.

### **Report on the audit of the annual performance report**

#### **Introduction and scope**

In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators/ measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priorities presented in the annual performance report of the municipality for the year ended 30 June 2018:

<b>Development priorities</b>	<b>Pages in the annual performance report</b>
Development priority 1 – Basic Service Delivery and Infrastructure	80 – 81
Development priority 3 – Local Economic Development	81 – 84

I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

The material findings in respect of the usefulness of the development priorities are as follows:

### **Development priority 1 – Basic service delivery and infrastructure**

*Indicator: Reviewed Ndlambe Zoning Scheme in terms of SPLUMA*

The planned target for this indicator was not specific in clearly identifying the nature and required level of performance, and was not measurable.

### **Development priority 3 – Local economic development**

*Indicator: 1 Meeting with stakeholders in the district for Agriparks held; mentorship implemented for emerging farmers; monitoring and evaluation conducted in Makana (Koodovale).*

The planned target for this indicator was not specific in clearly identifying the nature and required level of performance, and was not measurable.

*Indicator: Facilitating 2 IPP forum meetings (2 inland and 2 coastal); participate in 2 nuclear and shale gas meetings; participate in 3 oceans economy meetings; support the development of a business plan for an apprenticeship programme for district youth in the energy and oceans economy.*

The source information, evidence and method of calculation for the achievement of the planned indicator was not clearly defined.

### **Other matters**

I draw attention to the matters below.

#### **Achievement of planned targets**

Refer to the annual performance report on pages 80 to 86 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness of the reported performance information in paragraphs 19 to 21 of this report.

#### **Adjustment of material misstatements**

I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Basic service delivery and infrastructure and Local economic development. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness of the reported performance information. Those that were not corrected are reported above.

## **Report on the audit of compliance with legislation**

### **Introduction and scope**

In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

The material findings on compliance with specific matters in key legislations are as follows:

#### **Human resource management**

The senior managers did not sign performance agreements within the prescribed period, as required by section 57(2)(a) of the MSA.

#### **Expenditure management**

Reasonable steps were not taken to prevent irregular expenditure amounting to R308 518 as disclosed in note 36 to the consolidated and separate annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with supply chain management regulations.

#### **Procurement and contract management**

The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.

#### **Other information**

The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated and separate financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported in the auditor's report.

Our opinion on the consolidated and separate financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements and the selected development priorities presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

### **Internal control deficiencies**

I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

- Non-compliance with legislation could have been prevented had compliance been properly reviewed and monitored. The municipality's monitoring of internal controls to prevent and detect errors where non-compliance has been reported has not improved in the current financial year.
- The performance agreement of key management officials including the municipal manager were not signed and concluded within the prescribed legislative period. As a result, a finding on non-compliance with legislation was reported.
- The municipality implemented a number of policies and procedures to support the internal control objectives and responsibilities of the municipality. However, there have been a number of instances of weaknesses in the implementation of these policies and procedures which resulted to findings on the annual performance report and compliance with legislation.

*Auditor General*

**East London**

**14 December 2018**

## **Annexure – Auditor-general’s responsibility for the audit**

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements, and the procedures performed on reported performance information for selected development priorities and on the Group's compliance with respect to the selected subject matters.

### **Consolidated and separate financial statements**

2. In addition to my responsibility for the audit of the consolidated and separate financial statements as described in this auditor's report, I also:
  - identify and assess the risks of material misstatement of the consolidated and separate financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sarah Baartman District Municipality and Cacadu District Development Agency's internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
  - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the consolidated and separate financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sarah Baartman District Municipality and its subsidiaries ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the consolidated and separate financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a Municipality to cease continuing as a going concern
  - evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation
  - obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion

### **Communication with those charged with governance**

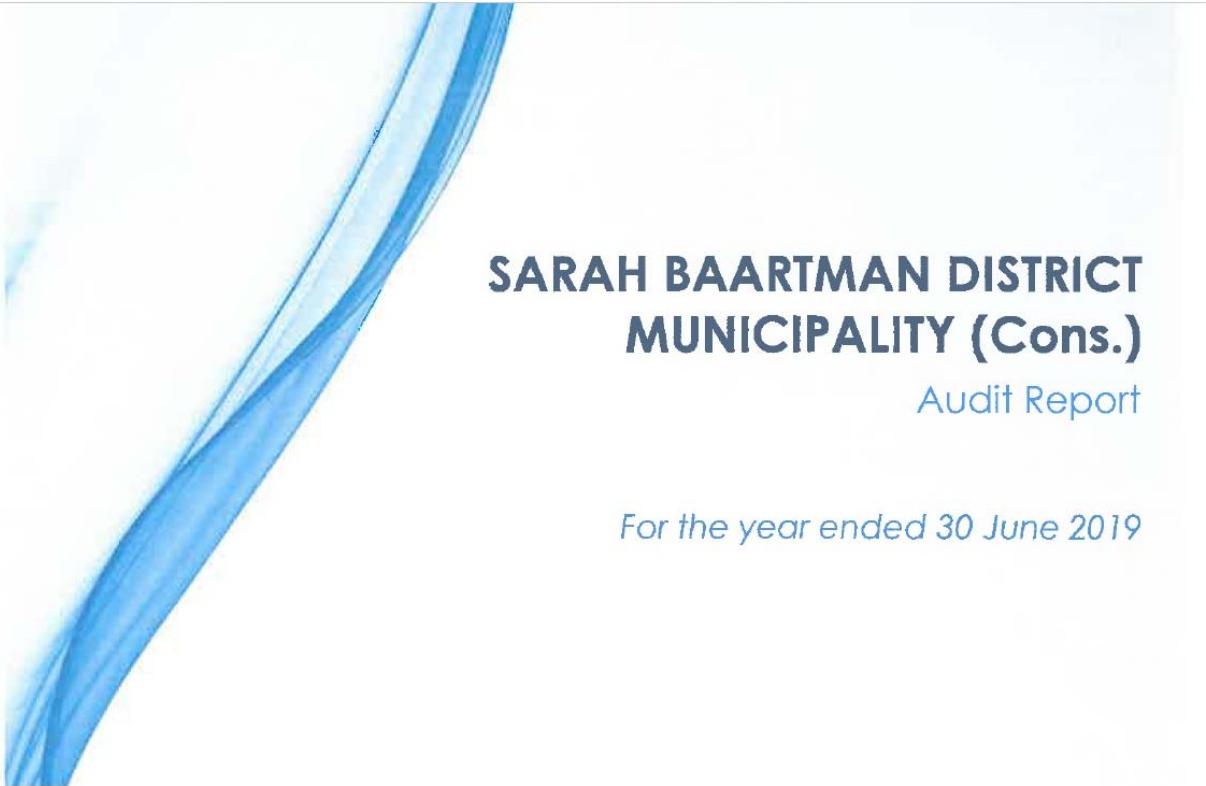
3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

**COMPONENT B**

6.2. AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2017/2018

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**SARAH BAARTMAN DISTRICT  
MUNICIPALITY (Cons.)**  
Audit Report

*For the year ended 30 June 2019*

## **Report of the auditor-general to the Eastern Cape Provincial Legislature and the council on the Sarah Baartman District Municipality**

### **Report on the audit of the consolidated and separate financial statements**

#### **Opinion**

1. I have audited the consolidated and separate financial statements of the Sarah Baartman District Municipality set out on pages ... to ..., which comprise the consolidated and separate statement of financial position as at 30 June 2019, the consolidated and separate statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.
2. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Sarah Baartman District Municipality as at 30 June 2019, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act no. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2017 (Act no. 3 of 2017) (Dora).

#### **Basis for opinion**

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the consolidated and separate financial statements section of this auditor's report.
4. I am independent of the Sarah Baartman District Municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants*, and parts 1 and 3 of the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA codes), as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Emphasis of matters**

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

#### **Material impairments – trade receivables**

7. As disclosed in notes 4 and 5 to the consolidated and separate financial statements, material impairments of R2 253 932 (2018: R1 297 089) was incurred as a result of an increase in the impairment provision of trade debtors.

#### **Irregular expenditure**

8. As disclosed in note 37 to the consolidated and separate financial statements, the district municipality incurred irregular expenditure of R1 370 079 (2018: R308 518), as it did not follow a proper tender process.

### **Other matters**

9. I draw attention to the matters below. My opinion is not modified in respect of these matters.

#### **Unaudited disclosure notes**

10. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the consolidated and separate financial statements. This disclosure requirement did not form part of the audit of the consolidated and separate financial statements and, accordingly, I do not express an opinion on it.

#### **Unaudited supplementary schedules**

11. The supplementary information set out on pages XX to XX does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

### **Responsibilities of the accounting officer for the financial statements**

12. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

13. In preparing the consolidated and separate financial statements, the accounting officer is responsible for assessing the Sarah Baartman District Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going

concern basis of accounting unless the appropriate governance structure either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

#### **Auditor-general's responsibilities for the audit of the financial statements**

14. My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.
15. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report.

#### **Report on the audit of the annual performance report**

##### **Introduction and scope**

16. In accordance with the Public Audit Act of South Africa, 2004 (Act no. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for the selected development priority presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
17. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
18. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priority presented in the annual performance report of the municipality for the year ended 30 June 2019:

<b>Development priority</b>	<b>Pages in the annual performance report</b>
Development priority 1 – basic service delivery and infrastructure development	x – x
Development priority 3 – Local economic development	x – x

19. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
20. The material findings in respect of the usefulness of the selected development priorities are as follows:

#### **Development priority 1: basic service delivery and infrastructure development**

*Indicator: Installation of 200 water meters and repairs of water leaks in approximately 100 households in Makhanda, Makana Local Municipality completed*

21. The source information and evidence for achieving the planned indicator were not clearly defined.
22. The planned target for this indicator was not specific in clearly identifying the nature and required level of performance.

*Indicator: Rural roads asset management system (RRAMS) set up for SBDM*

23. The source information and evidence for achieving the planned indicator were not clearly defined.
24. The planned target for this indicator was not specific in clearly identifying the nature and required level of performance.

#### **Development priority 3 – Local economic development**

*Indicator: Identifying by itself OR external partner initiated business development opportunity in agriculture & agro-processing sector(s) with growth potential in the District and aligned to various Government Agriculture Sector Growth Strategies OR external partner business growth opportunity; AND / OR Identifying strategic partnerships relevant to the implementation of KPI (i) and entering into different forms of project specific agreements; AND / OR Identify project locality; AND /OR Develop by itself OR together with project partners OR partner alone of project proposal plans (from concept note to project funding proposal) to fund the proposed project proposal using*

own OR externally secured funding sources; AND / OR Upon successfully attracting project funding to implement the funded project component by itself OR with partners OR by partner themselves OR contractor OR combination of all; AND / OR Project implementation leading to the expansion of existing agricultural sub-sector OR development of new sub-sector resulting in retention on current jobs OR creating additional jobs OR creation of new jobs in line with KPI (v).

25. The source information and evidence for achieving the planned indicator were not clearly defined.
26. The planned target for this indicator was not specific in clearly identifying the nature and required level of performance.

*Indicator: Identifying by itself OR external partner initiated business development opportunity in tourism sector(s) with growth potential in the District and aligned to Government Tourism Sector Plan OR external partner business growth opportunity; AND / OR Identifying strategic partnerships relevant to the implementation of KPI (i) and entering into different forms of project specific agreements; AND / OR Identify project locality; AND / OR Develop by itself OR together with project partners OR partner alone of project proposal plans (from concept note to project funding proposal) to fund the proposed project proposal using own OR externally secured funding sources; AND / OR Upon successfully attracting project funding to implement the funded project component by itself OR with partners OR by partner themselves OR contractor OR combination of all; AND / OR Progress Report on all aspects of project implementation of projects in which the CDA is a project partner (lead implementer; project steering committee; etc.)*

27. The source information and evidence for achieving the planned indicator were not clearly defined.

*Indicator: Phase 1: SBDM and LMs material support to CDAs to lead/partner in the Industrial Cluster Precinct Development.*

- i) Number of proposed Industrial Cluster Precinct assessment to determine their economic viability (concept note on comparative and competitive advantages).  
≠ Decision Gate: GO or NO GO. If GO, proceed with Phase 2.

**Phase 2: Industrial Cluster Precinct Business Development Strategy:**

- Feasibility study;
- EIAs
- Investment attraction strategy
  - Infrastructure development
  - Operational investment from public & private sector

*Investments by the SBDM and LMs for the implementation of Business Development Strategy.*

28. The source information and evidence for achieving the planned indicator were not clearly defined.

#### **Other matters**

29. I draw attention to the matters below.

### Achievement of planned targets

30. Refer to the annual performance report on pages' x to x; x to x for information on the achievement of planned targets for the year. This information should be considered in the context of the qualified opinions expressed on the usefulness of the reported performance information in paragraphs 20 to 25 of this report.

### Adjustment of material misstatements

31. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of the basic service delivery and infrastructure delivery development priority. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness of the reported performance information only, material adjustments were satisfactory made on reliability. Those that were not corrected are reported above.

## Report on the audit of compliance with legislation

### Introduction and scope

32. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

33. The material findings on compliance with specific matters in key legislation are as follows:

### Annual consolidated and separate financial statements, performance and annual reports

34. The consolidated and separate financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of disclosure items identified by the auditors in the submitted consolidated and separate financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

### Expenditure management

35. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
36. Reasonable steps were not taken to prevent irregular expenditure of R1 370 089 disclosed in note 37 to the financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with supply chain management regulations.

37. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R38 574, as disclosed in note 22 to the annual financial statements, as required by section 95(d) of the MFMA. The majority of the fruitless and wasteful expenditure was caused by late submission of the EMP201 and VAT201 to the South African Revenue Service (SARS).

#### **Human resource management**

38. The municipal manager and senior managers did not sign performance agreements within the prescribed period, as required by section 57(2)(a) of the Municipal Systems Act.

#### **Procurement and contract management**

39. The performance of some contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the previous year.

40. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, in contravention of section 116(2)(c) of the MFMA.

#### **Strategic planning and performance**

41. Performance targets were not set for each of the key performance indicators for the financial year, as required by section 41(1)(b) of the Municipal Systems Act and municipal planning and performance management regulation 12(1).

#### **Other information**

42. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report. The other information does not include the consolidated and separate financial statements, the auditor's report and the selected development priority presented in the annual performance report that has been specifically reported in this auditor's report.

43. My opinion on the consolidated and separate financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

44. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements and the selected development priority presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

45. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I

am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

#### **Internal control deficiencies**

46. I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
47. The municipality does not have controls in place to ensure that the planning documents for performance information have standard operating procedures in place to best describe the indicators and how performance will be measured. Furthermore, the annual performance information report was not adequately reviewed prior to their submission for audit.
48. The audit action plan was not adequately implemented and monitored, as the repeat findings on performance, compliance, procurement and contract management could have been avoided if it was monitored and implemented adequately.

AUDITOR - GENERAL

East London

19 December 2019



*Auditing to build public confidence*

## **Annexure – Auditor-general’s responsibility for the audit**

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements, and the procedures performed on reported performance information for the selected development priority and on the municipality's compliance with respect to the selected subject matters.

### **Financial statements**

2. In addition to my responsibility for the audit of the consolidated and separate financial statements as described in this auditor's report, I also:
  - identify and assess the risks of material misstatement of the consolidated and separate financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
  - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the consolidated and separate financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sarah Baartman District Municipality's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the consolidated and separate financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease continuing as a going concern
  - evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation

**Communication with those charged with governance**

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

## **6.3 RESPONSE TO THE AUDIT REPORT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2019**

In accordance with the Public Audit Act, Council has to consider the Audit Report within one month after its first sitting after the audit report has been submitted by the Auditor General.

Council has received an unqualified audit report and the Auditor-General has certified that the Consolidated and Separated Financial Statements present fairly, in all material respects, the financial position of the Sarah Baartman District Municipality as at 30 June 2019 and its financial performance and cash flows for the year in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017) (Dora).

### **1. EMPHASIS OF MATTER**

The Auditor General has under the heading Emphasis of Matter raised a few issues without modifying the audit opinion.

#### **Material impairment – trade debtors**

*As disclosed in notes 4 and 5 to the consolidated and separate financial statements, material impairments of R2 253 932 (2018: R1 297 089) was incurred as a result of an increase in the impairment provision of trade debtors.*

The trade debtors that are impaired relates to amounts charged to local municipalities within the district for Job Evaluation services. The municipality acknowledges that the risk of non-collection exists and will be addressing the matter during the 2019/20 financial year through the collection of the outstanding amounts.

#### **Irregular Expenditure**

*As disclosed in note 37 to the consolidated and separate financial statements, the district municipality incurred irregular expenditure of R1 370 079 (2018: R308 518), as it did not follow a proper tender process.*

The irregular expenditure incurred will follow a process as prescribed in Section 32 of the MFMA where Council will appoint an Investigation Committee to investigate all incidents of irregular expenditure. The Committee will assess the recoverability of the expenditure and make a recommendation to Council.

The municipality will enhance its internal controls within the procurement processes to ensure that irregular expenditure is prevented.

### **2. REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT**

The Auditor-General evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, for the following selected development priorities presented in the annual performance report of the municipality for the year ended 30 June 2019:

Development priority 1 – Basic service delivery and infrastructure  
Development priority 3 – Local economic development

The Auditor-General performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. The Auditor-General performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

The Auditor-General raised material findings on the usefulness of the selected development priorities and are as follows:

### **Development priority 1 – Basic service delivery and infrastructure**

*Indicator: Installation of 200 water meters and repairs of water leaks in approximately 100 households in Makhanda, Makana Local Municipality completed.*

*Indicator: Rural roads asset management system (RRAMS) set up for SBDM*

*The source information and evidence for achieving the planned indicator was not clearly defined.*

*The planned target for this indicator was not specific in clearly identifying the nature and required level of performance.*

The Accounting Officer will undertake a process of reviewing the current targets (Key Performance Indicators) in the Service Delivery Budget Implementation Plan to ensure that the targets meet the required criteria.

### **Development priority 3 – Local economic development**

*Indicator: Identifying by itself OR external partner initiated business development opportunity in agriculture and agro-processing sector(s) with growth potential in the District and aligned to various Government Agriculture Sector Growth Strategies OR external partner growth opportunity; AND / OR identifying strategic partnerships relevant to the implementation of KPI (i) and entering into different forms of project specific agreements; AND / OR identify project locality; AND / OR Develop by itself OR together with project partners OR partner alone of project proposal plans to fund the proposed project proposal using own OR externally secured funding sources; AND / OR Upon successfully attracting project funding to implement the funded project component by itself OR with partners OR by part themselves OR by contractor OR combination of all; AND / OR Project implementation leading to the expansion of existing agriculture sub-sector OR development of new sub-sector resulting in retention on current jobs OR creating additional jobs OR creation of new jobs in line with KPI (v).*

*Indicator: Identifying by itself OR external partner initiated business development opportunity in tourism sector(s) with growth potential in the District and aligned to various Government Tourism Sector Plan OR external partner growth opportunity; AND / OR identifying strategic partnerships relevant to the implementation of KPI (i) and entering into different forms of project specific agreements; AND / OR identify project locality; AND / OR Develop by itself OR together with project partners OR partner alone of project proposal plans to fund the proposed project proposal using own OR externally secured funding sources; AND / OR Upon successfully attracting project funding to implement the funded project component by itself OR with partners OR by part themselves OR by contractor OR combination of all; AND / OR Progress Report on all aspects of Project implementation of projects in which the CDA is a project partner (lead implementer, project steering committee, etc.)*

*The source information and evidence for achieving the planned indicator was not clearly defined.*

*The planned target for this indicator was not specific in clearly identifying the nature and required level of performance.*

The Accounting Officer will undertake a process of reviewing the current targets (Key Performance Indicators) in the Service Delivery Budget Implementation Plan to ensure that the targets meet the required criteria.

### **3. REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION**

The Auditor-General have a responsibility to report material findings on the compliance of the municipality on specific matters in key legislation.

The material findings on compliance with specific matters in key legislation were as follows:

#### **Annual consolidated and separate financial statements, performance and annual reports**

*The consolidated and separate financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of disclosure items identified by the auditors in the submitted consolidated and separate financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.*

All corrections were made in the financial statements.

The financial statements follow an extensive process of review prior to submission. Management will however endeavor additional processes to prevent material misstatements in future.

#### **Expenditure management**

*Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.*

Management will assess the internal controls within the creditors section to identify controls whereby receiving of invoices are appropriately managed to ensure that all invoices are paid within 30 days from date of receipt.

*Reasonable steps were not taken to prevent irregular expenditure of R1 370 089 disclosed in note 37 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with supply chain management regulation.*

The municipality will ensure that all the required processes are undertaken to deal with the irregular expenditure in accordance with the MFMA.

It should however be noted that the municipality's control environment in supply chain management has improved year on year but acknowledges that further improvement is required. Management will assess the recommendations made by the Auditor General and implement the recommendations accordingly.

The municipality does also confirm that value for money was obtained for the irregular expenditure incurred.

#### **Human resources management**

*The senior managers did not sign performance agreements within the prescribed period, as required by section 57(2)(a) of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000).*

The performance agreement was signed after the specified required timeframe. The Accounting Officer will ensure that the performance agreements of the senior manager and the senior managers to be appointed are signed within the prescribed timeframes.

#### **Procurement and contract management**

*The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.*

*The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, in contravention of section 116(2)(c) of the MFMA.*

The municipality acknowledged the requirement of the MFMA, but at the same time, questioned the reasonability of monitoring certain contracts on a monthly basis. The municipality, in their day to day operations, does manage the

contractors or services providers but will implement processes to formalize the monitoring thereof through incorporating stringent monitoring mechanisms in all service level agreements entered into.

#### **4. INTERNAL CONTROL**

The Auditor-General considered internal control relevant to the audit of the financial statements, reported performance information and compliance with applicable legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

The internal control deficiencies raised by the Auditor-General relates directly to the findings raised above and is the result thereof. The management responses to the findings will thus be implemented ensuring that the internal control environment of the municipality is strengthened. This will then result in an improved audit report in the year ahead.

**APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE**

**NOTE:** This list incorporated Councillors served after Local Government Elections that had taken place on 03 August 2016 and they took oath / affirmation on 24 August 2016.

Councillors, Committees allocated and Council attendance					
Council members	Full time/Part time FT/PT	Committees allocated	Local Municipality/ Party represented	% Council Meetings attended	% apologies for non-attendance
Pieters NN (Ms)	FT	<b>Council</b>  Rules Committee, DCF	ANC	<b>100% (Resigned in Dec 2018)</b> 100% <b>90</b>	N/A  N/A 10%
Njadai ME	FT	<b>Council</b>	ANC	<b>100% (Commenced in December 2018)</b>	N/A
Kekana KE (Ms)	FT	Mayoral Committee, Rules Committee <b>Council</b> <b>Women caucus</b>	ANC	100% 100% 100% 100%	N/A N/A N/A N/A
Bezuidenhout DJ	PT	<b>Council</b> <b>DWIF</b>	Dr Beyers Naudé	<b>90%</b> <b>0%</b>	<b>10%</b> N/A
Mboneni A	PT	<b>Council</b>	Dr Beyers Naudé	<b>100%</b>	N/A
Seekoei BW	PT	<b>Council</b>	Dr Beyers Naudé	<b>60%</b>	<b>40%</b>
Grootboom TA	PT	<b>Council</b> MPAC <b>DWIF</b>	Blue Crane Route	<b>90%</b> 71% <b>10%</b>	<b>10%</b> 29% N/A
Camealio-Benjamin VA (Ms)	PT	<b>Council</b>  MPAC <b>ARC (Observer)</b>	Kouga	<b>60%(Resigned in May 2019)</b> 100 <b>80%</b>	N/A  0% <b>20%</b>
Dayimani M	PT	<b>Council</b> MPAC	Kouga	<b>100%</b> 57%	<b>N/A</b> 43%
Dhludhlu B	PT	<b>Council</b>	Kouga	<b>90%</b>	<b>10%</b>
Jantjies ER	PT	<b>Council</b> MPAC	Kouga	<b>90%</b> 86%	<b>10%</b> 14%
Yake F	PT	<b>Council</b>	Koukamma	<b>100%</b>	<b>N/A%</b>
Nase L	PT	Council  MPAC	Makana	<b>40%(Resigned in March 2019)</b> 57%	N/A  43%
Seyisi T (Ms)	PT	<b>Council</b> <b>Women Caucus</b>	Makana	<b>90%</b> <b>100%</b>	<b>10%</b> N/A
Sodladla S	PT	<b>Council</b>	Makana	<b>60%</b>	<b>40%</b>
Madyo XG	PT	<b>Council</b> <b>DWIF</b>	Makana	<b>90%</b> <b>80%</b>	<b>10%</b> 20%
Mateti M (Ms)	PT	<b>Council</b> MPAC <b>Women Caucus</b>	Ndlambe	<b>80%</b> 86% <b>100%</b>	<b>20%</b> 14% N/A
Xhasa NE (Ms)	PT	<b>Council</b> <b>Women Caucus</b>	Ndlambe	<b>80%</b> <b>100%</b>	<b>20%</b> N/A
Daweti K (Ms)	PT	<b>Council</b>	Ndlambe	<b>84% (Resigned in July)</b>	16%

		<b>Women Caucus</b>		<b>2019) 100%</b>	N/A
Blou PR (Ms)	PT	<b>Council MPAC Women Caucus</b>	Sundays River Valley	<b>100%</b> 71% <b>100%</b>	<b>N/A</b> 29% N/A
Smith K (Ms)	PT	<b>Council Women Caucus</b>	Sunday's River Valley	<b>86%</b>  <b>100%</b>	<b>14%</b>  N/A
<b>Councillors, Committees allocated and Council attendance</b>					
Council members	Full time/Part time FT/PT	Committees allocated	Local Municipality/ Party represented	% Meetings attended	% apologies for non-attendance
Lucas S	FT	<b>Council</b> Mayoral Committee	ANC	<b>100%</b> 92%	<b>N/A%</b> 18%
Ncamiso (Mrs)	KC	FT  <b>Council,</b> Mayoral Committee Rules Committee, Remuneration Committee <b>DWIF</b> Women Caucus	ANC	<b>100%</b> 84% 100%  <b>100%</b> <b>100%</b> <b>0</b>	<b>N/A%</b> 16% N/A  N/A N/A N/A
Funiselo Z (Ms)	FT	<b>Council</b> Mayoral Committee <b>Women Caucus</b>	ANC	<b>100%</b> 96%  <b>0%</b>	<b>N/A%</b> 4%  <b>0%</b>
Peter ZJ	FT	<b>Council</b>  Mayoral Committee <b>Local Labour Forum,</b> <b>Relocation Task Team,</b> Remuneration Committee	ANC	<b>86 % (Resigned in May 2019)</b> 88%  <b>100%</b> 86% 100%	14%  <b>N/A</b> 14% N/A
Gaga NS	FT	<b>Council</b>	ANC	<b>10% (Started in July 2019)</b>	<b>N/A</b>
Stuurman VS	FT	<b>Council</b> Mayoral Committee <b>Local Labour Forum,</b> <b>Relocation Task Team,</b> Rules Committee, Remuneration Committee Budget Steering Committee	ANC	<b>100%</b> 88%  <b>86%</b> <b>100%</b> 100% 100% 100% 100% 100%	<b>N/A</b> 12%  <b>14%</b> <b>N/A</b> N/A N/A N/A N/A N/A N/A
Britz JHP	PT	<b>Council,</b> Remuneration Committee <b>DWIF</b>	DA	<b>100%</b> 0%  60%	<b>N/A</b> N/A  0%
Gailey RMJ	PT	<b>Council</b> <b>DWIF</b>	DA	<b>86%</b> <b>80%</b>	<b>14%</b> <b>20%</b>

Katoo TW	PT	<b>Council</b> DWIF MPAC <b>Women Caucus</b>	DA	<b>90%</b> 0% 71% <b>100%</b>	<b>10%</b> 0% 29% <b>N/A</b>
Reynolds LM	PT	<b>Council,</b> Rules Committee <b>DWIF</b> MPAC	DA	<b>86%</b> 100% 80% <b>80%</b> 71%	<b>14%</b> N/A 20% <b>20%</b> 29%
Van Niekerk ML	PT	<b>Council</b> <b>DWIF</b> Women Caucus	DA	<b>100%</b> <b>10%</b> 100%	<b>N/A</b> <b>N/A</b> N/A

**NOTE:** The District Municipality only has a Mayoral Committee. There are no Portfolio Committees.

Councillors of the District Municipality serve on District Intergovernmental Forums which include DWIF, District Aids Council, District Health Council etc. These forums meet quarterly and make recommendations to the Mayoral Committee.

Some councillors are also serving on various forums and sub-committees set up by Council for special purposes. Details of these committees and forums are contained in Appendix B

## APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral Committee) and Purposes of Committees	
Municipal Committees	Purpose of committee
Municipal Public Accounts Committee	Oversight over Executive function
Audit and Risk Committee	Oversight of financial reporting and disclosure, review of the work of Internal Audit, the Risk Management System and Performance Management System
District Health Council	Oversees all matters pertaining to Primary Health Care and related health functions in the District, eg EMS
Local Labour Forum	Consultation between the employer and employee bodies on all labour relations and HR issues
District Aids Council	Programmes and policies that pertain to combatting the scourge of HIV and Aids
District Wide Infrastructure Forum	Intergovernmental Forum which deals with integrated infrastructure development in the District
Budget Steering Committee	Assists the Executive Mayor to perform her responsibility in terms of section 53 of the MFMA with regard to budget processes and related matters
Training Committee	Training and development of employees
Remuneration Committee	Advise Council on remuneration matters that affect section 54A and 56 managers
Anti-corruption and Fraud Prevention Committee	Develop and review policies and strategies to improve internal control to prevent undesirable practise and to mitigate risks to the institution
Relocation Committee	Relocation of the District Head Office to Kirkwood
Rules Committee	Review the Rules and Orders of Council

## APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

<b>Third Tier Structure</b>	
<b>Directorate</b>	<b>Manager (State title and name)</b>
Office of the Municipal Manager	Manager: Office of the Municipal Manager - Vacant
	Manager: PMS - G Terblanche
	Senior Manager: Legal Services - F Anthony
Finance and Corporate Services	Senior Manager: Corporate Services - Z Stuurman
	Senior Manager: Finance - K Abrahams
Economic Development and Planning	Project Manager: LED - D Magxwalisa
	Project Manager: Tourism and Marketing - Vacant
	Manager: Development Planning - M Maqokolo
	Development Planner - M. Bendle
Infrastructure Development and Community Services	Manager: Water and Sanitation - Vacant
	Senior Manager: PMU - Vacant
	Senior Manager: Disaster Management - Vacant
	Manager: Environmental Health Services - T. Mokoena
	Manager: Disaster Operations - K. Majokweni

**APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY**

<b>Municipal / Entity Functions</b>		
<b>MUNICIPAL FUNCTIONS</b>	<b>Function applicable to municipality (Yes / No)</b>	<b>Function applicable to entity (Yes / No)</b>
<b>Constitution Schedule 4 Part B functions</b>		
Air pollution	Yes – Function of Municipal Health Services	No
Building regulations	Yes	No
Child care facilities	No, only Health inspections are carried out for compliance	No
Electricity and gas reticulation	No	No
Firefighting services	Yes	No
Local tourism	No - District tourism	No
Municipal airports	No	No
Municipal planning	Yes – limited to assistance to local municipalities	No
Municipal health services	Yes	No
Municipal public transport	No	No
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under the Constitution or any other law	No but carries out certain infrastructure projects in local municipality areas	No

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function applicable to municipality (Yes / No)	Function applicable to entity (Yes / No)
<b>Constitution Schedule 4 Part B functions</b>		
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No	No
Stormwater management systems in built-up areas	No	No
Trading regulations	No	No
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	No	No
Beaches and amusement facilities	No	No
Billboards and the display of advertisements in public places	No	No
Cemeteries, funeral parlours and crematoria	No	No
Cleansing	No	No
Control of public nuisances	No	No
Control of undertakings that sell liquor to the public	No	No
Facilities for the accommodation, care and burial of animals	No	No
Fencing and fences	No	No
Licensing of dogs	No	No
Licensing and control of undertakings that sell food to the public	No but carries out Health Inspections as part of the EHS function	No
Local amenities	No	No
Local sport facilities	No	No
Markets	No	No
Municipal abattoirs	No	No
Municipal parks and recreation	No	No
Municipal roads	No	No
Noise pollution	Yes – Function of Municipal Health	No
Pounds	No	No

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function applicable to municipality (Yes / No)	Function applicable to entity (Yes / No)
<b>Constitution Schedule 4 Part B functions</b>		
Public places	No	No
Refuse removal, refuse dumps and solid waste disposal	No	No
Street Trading	Health & Hygiene education EHS function	No
Street lighting	No	No
Traffic and parking	No	No

## **APPENDIX E – WARD REPORTING**

Not applicable

## **APPENDIX F – WARD INFORMATION**

Not applicable

**APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2018/2019  
AND REPORT BY THE AUDIT COMMITTEE**

<b>Municipal Audit Committee recommendations</b>		
<b>Date of meeting</b>	<b>Committee recommendations</b>	<b>Recommendations adopted (enter Yes) If not adopted, provide explanation</b>
27 August 2019	No recommendations	Not applicable
15 October 2018	That the Risk and Audit Charter be adopted  That the missing Internal Audit reports form part of the next meeting agenda pack  That the Internal Audit submit results of the search for a Compliance Monitoring System to the Municipal Manager  That the minutes of the Anti-Corruption & Fraud Meeting be resubmitted to the next meeting with the terms of reference of the committee.	Yes  Yes  Yes  Yes
17 January 2019	That a meeting between Management and Internal Audit be arranged soon.  That the recommendations of the Anti-Corruption and Fraud Prevention Committee be adopted.	Yes  Yes
7 February 2019	No recommendations	Not applicable
7 March 2019	No recommendations	Not applicable
20 June 2019	That Secretariat facilitate the date of the special Audit and Risk Committee meeting in consultation with Management and thereafter liaise with members.  that the report on Performance Management System Quarterly Reporting be approved.  that the report on Human Resources Management FY2018/19 be approved.  that members advise Management on any type of training requirements	Yes  Yes  Yes  Yes

## **REPORT OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 30 JUNE 2019**

### **PURPOSE**

The Audit Committee serves as an independent advisory body which advises the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality on matters relating to:

- Internal financial control and the internal audit function
- Risk management
- Accounting policies
- The adequacy, reliability and accuracy of financial reporting and information
- Performance management and evaluation
- Effective governance
- Compliance with the Municipal Finance Management Act 56 of 2003, the annual Division of Revenue Act and any other applicable legislation;
- Performance evaluation; and
- Any issues referred to it by the municipality.

In addition, the Audit Committee reviews the annual financial statements to provide the council of the municipality with an authoritative and credible view of the financial position of the municipality, its efficiency and effectiveness and its overall level of compliance with the Municipal Finance Management Act 56 of 2003, the annual Division of Revenue Act and any other applicable legislation.

The Committee further is required to respond to the Council on issues raised by the Auditor-General in the audit report, initiate and monitor such investigations into the financial affairs of the municipality as the Council may request.

We have pleasure in presenting our report for the year ended 30 June 2019.

### **TERMS OF REFERENCE**

The Audit Committee has adopted appropriate formal terms of reference that have been approved by the Council and Mayoral Committee, and has executed its duties during the past financial year in accordance with these terms of reference and the relevant legislative requirements.

### **COMPOSITION**

The Audit Committee comprises of four independent members and meets at least four times per annum as per its approved terms of reference.

During the 2018/2019 financial year 6 meetings were held. See below table:

<b>Members</b>	<b>Mr P G Zitumane (Chairman)</b>	<b>Mr M Veeren</b>	<b>Ms M Wait</b>	<b>Ms F Kobo</b>
<b>Qualifications</b>	B Com MBL	B.Compt – CFA	CA (SA) B. Comm Hons, Advanced Certificate in Auditing	MBA, B Tech - Labour Relations, ND: Human Resources, Post Graduate Certificate In Compliance Management
<b>Attendance</b>				
<b>27 Aug 2018</b>	✓	✓	x	✓
<b>18 Oct 2018</b>	✓	✓	✓	x
<b>17 Jan 2019</b>	✓	✓	✓	x
<b>07 Feb 2019</b>	✓	✓	✓	x
<b>07 Mar 2019</b>	✓	✓	✓	✓
<b>20 Jun 2019</b>	✓	✓	✓	x

The Municipal Manager, the Director: Finance and Corporate Services, Directors of Infrastructure Services and Economic Development and other members of the management team, representatives from the Provincial Treasury, COGTA, external and internal auditors attend the Committee meetings according to a schedule of meetings.

## AUDIT COMMITTEE RESPONSIBILITIES

The Committee reports that it has complied, as far as possible, with its responsibilities set out in its Council approved terms of reference and the relevant legislative requirements.

## REVIEW OF THE ANNUAL FINANCIAL STATEMENTS

The Audit Committee has reviewed and discussed the unaudited annual financial statements for the 2018/19 financial year with management. This process included a review of the accounting policies and practices, and any changes thereto.

The Audit Committee has reviewed and discussed the municipality's compliance with legal and regulatory provisions for the 2018/19 financial year with management.

We recommend that the municipality should submit the unaudited Annual Financial Statements for the 2018/19 financial year to the Auditor-General for audit purposes.

## EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROLS

The matters reported in the reports of Internal Audit (received quarterly) and the Auditor-General; as well as matters brought to the attention of the Accounting Officer, by way of informal queries and management letters, indicate that whilst there is always room for improvement, the internal control measures generally functioned adequately during the year under review.

## EFFECTIVENESS OF INTERNAL AUDIT FUNCTION

The Internal Audit Function is outsourced and the Audit Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and accomplished its annual operational plan. The Audit Committee is of the view that the unit was effective as it was able to discharge its responsibilities as set out in the approved audit plan and section 165 of the Municipal Finance Management Act.

The Audit Committee received Internal Audit reports and scrutinised them for significant internal control deficiencies. The Audit Committee has had constructive engagements with management on the findings reported by Internal Audit as well as management responses provided. Management has been informed that the findings raised are an indication of control weaknesses that need to be strengthened for ensuring sound control environment.

## **RISK MANAGEMENT**

The municipality has an approved risk management strategy in place which was implemented by management during the year under review although there were weaknesses in reporting due to issues which are being addressed by management. Management is continuously developing and enhancing its risk and control procedures to improve the mechanisms for identifying and monitoring risks.

The Audit Committee is satisfied that the actual management of risks is receiving attention, although there are areas that still require improvement in line with best practice and applicable policies.

## **PERFORMANCE MONITORING**

The municipality is monitoring and comparing actual to targeted progress on a regular basis according to a framework. The Service Delivery and Budget Implementation Plan (SDBIP) report is used which reflects planned completion dates for all projects.

The Committee has confirmed with management that the SDBIP is discussed at the Mayoral Committee meetings as part of the monitoring of the achievement of targets. In addition, reporting and monitoring is taking place as expected and progress on performance management is discussed at each Audit Committee meeting. Performance Monitoring is a standing item on the Committee's agenda.

The Audit Committee has reviewed and discussed the unaudited performance information for the 2018/19 financial year with management.

## **AUDITOR GENERAL'S REPORT**

The Audit Committee concurs with the conclusions of the Auditor General on the annual financial statements and is of the opinion that the audited financial statements be accepted and read together with the report of the Auditor General.

## **APPRECIATION**

On behalf of the Audit Committee, I would like to extend our sincere appreciation to the Council, management, Provincial Treasury, COGTA and the Auditor General South Africa for their assistance and support during the financial year under review.



**P G Zitumane**  
**Audit & Risk Committee Chairman**

23 January 2019

**APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS**

<b>Long Term Contracts (largest contracts entered into during 2018/2019)</b>					
<b>Name of service provider</b>	<b>Description of services rendered</b>	<b>Start date of contract</b>	<b>Expiry date of Contract</b>	<b>Project Manager</b>	<b>Contract Value R</b>
Rennies Travel	Travel agency services	11 December 2016	10 December 2019	Senior Manager : Finance	Note 1
Ultimate Recruitment Solutions	Advertising agency services	3 January 2018	31 December 2020	Senior Manager: Corporate Services	Note 1
Ernest and Young	Internal audit services	1 July 2017	30 June 2020	Senior Manager : Finance	Note 1
A2A Kapano	Implementation of GRAP financial statements and improving audit outcomes at local municipalities	3 April 2018	31 March 2021	Director: Finance and Corporate Services	Note 1
ABSA Bank	Banking services	1 July 2015	30 June 2020	Senior Manager: Finance	Note 1
Ludla Publishing	Publications	1 August 2017	30 June 2020	Senior Manager: Corporate Services	2 156 742
Smada Security Services (Pty) Ltd	Security Services	1 May 2017	30 April 2020	Senior Manager: Corporate Services	2 836 588
The Specialist Franchise Holdings	Cleaning Services	1 June 2018	31 May 2020	Senior Manager: Corporate Services	1 068 403
Boomtown (Pty) Ltd	Tourism Marketing Services	7 November 2017	30 June 2020	Manager: Tourism and Marketing	2 631 886
OS Holdings (Pty) Ltd	Procurement of mSCOA System	1 July 2017	30 June 2020	Senior Manager: Finance	5 316 361
Vox Communications	Provision and support of Internet and Firewall	1 August 2017	31 July 2019	Senior Manager:	536 949

	Services			Finance	
Standard Bank of South Africa	Provision of Maintenance and fuel cards	1 May 2019	30 April 2022	Senior Manager: Finance	Note 1
Standard Bank of South Africa	Provision for Tracking Device Services	1 July 2019	30 June 2022	Senior Manager: Finance	Note 1
Lateral Unison Insurance Brokers	Short-term Insurance Services	1 July 2019	30 June 2022	Senior Manager: Finance	1 392 089

Note 1 – The contract value is dependent on the required usage by the municipality, but is limited to the amount budgeted and approved by the Council.

**Public Private Partnerships entered into during 2018/2019 – Nil**

## APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

The District Municipality has a Development Agency known as the Cacadu District Development Agency (CDDA). The relationship is guided by a Service Level Agreement. The focus is on economic development. Their processes and procedures of the Agency are very similar to that of the District Municipality, but the Agency has its own Board which drives their operations.

The financial statements contained in this annual report are the consolidated Financial Statements of the Municipality which includes the Agency. An overview of the performance of the CDDA is contained in the following institutional scorecard.

The institutional scorecard indicates that there are 16 projects for the financial year 2018/19. The project types vary in terms of economic development facilitation. Eleven annual performance targets were achieved for the year under review, giving a performance percentage of 68, 75%. Reasons are given in the report for performance targets that were not achieved.

## **APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS**

See Note 37 on page 52-54 of the Annual Financial Statements

## **APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE**

### **APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE**

See Page 6 of the Annual Financial Statements. The District Municipality does not provide basic services and therefore a detailed performance on revenue collection is not applicable.

### **APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE**

See Page 6 of the Annual Financial Statements. The District Municipality does not provide basic services and therefore a detailed performance on revenue collection is not applicable.

**APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG**

See Note 20 and 21 on Page 42 of the Annual Financial Statements

## **APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES**

### **APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME**

Not applicable - The District Municipality's capital expenditure is only linked to assets used for operations and excludes infrastructural assets. All infrastructural assets through capital projects implementation, is capitalised by the local municipalities.

### **APPENDIX M (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME**

Not applicable – see previous comment

## **APPENDIX N – CAPITAL PROGRAMME BY PROJECT 2018/2019**

Not applicable

## **APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD 2017/2018**

Not applicable

## **APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS**

Available from local municipalities.

**APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE  
ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION**

Information available from local municipalities.

## APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

The District Municipality makes an annual contribution to its Development Agency and that will continue for at least another 4 years as resolved by the Council. The amount is determined by Council during its Budget processes annually.

Local Municipalities that perform agency functions on behalf of the Municipality also receive an annual allocation from the District Municipality to perform those functions. Refer to 3.19 above.

The District Municipality also contributes financially towards local municipalities in respect of fire services as the local municipalities are appointed as agents to perform certain functions in terms of section 84(1)(j) of the Municipal Structures Act. The municipality continued utilizing the funding model for fire contributions which has been in the prior year. This model aims to address the related variables within each municipal area with the fire risk factor being fairly weighted, thus ensuring that the contributions to the local municipalities are equitably distributed.

The District Municipality has not provided any loans or grants to outside organisations.

The Executive Mayor may assist needy organisations by donating certain requirements, for example, for impoverished schools and sporting bodies

## **APPENDIX S – DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA s71**

All returns, in accordance with Section 71 of the MFMA, were submitted on time.

## APPENDIX T – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

Not relevant to the SBDM

This type of information is more pertinent to local municipalities, especially with regard to basic services and ward committees.

**REPORTING ON KPA'S AS PER REQUIREMENT OF COOPERATIVE GOVERNMENT AND TRADITIONAL AFFAIRS**

**Organisational Transformation and Institutional Development –KPA 1**

**Annual performance as per key performance indicators in municipal transformation and organizational development**

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
1	Vacancy rate for all approved and budgeted posts	84	71	84%	Vacancies
2	Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	4	4	100%	
3	Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development training course within the FY.	0	0	None	No skills development training courses requested
4	Percentage of Managers in Technical Services with a professional qualification	1	1	100%	There are many vacancies within the Technical Divisions

	<b>Indicator name</b>	<b>Total number of people (planned for) during the year under review</b>	<b>Achievement level during the year under review</b>	<b>Achievement percentage during the year</b>	<b>Comments on the gap</b>
5	Level of PMS effectiveness in the DM – (DM to report)		All employees of the institution are on the PM System. Reviews are conducted quarterly. Monthly reports are assessed by Management and submitted to the Mayoral Committee.		
6	Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5 year term	84	71	84%	Vacant post could not undergo the audit. All employees formed part of the skills audit process. However, only 17 people requested skills development course assistance.
7	Percentage of councillors who attended a skill development training within the current 5 year term		No councillors underwent training or formal qualification during the year/period under review because of the legislation that was restrictive when it came to councillors. During the current period a total of 17 Councillors submitted a skills audit to be considered for training. The skills audit was discussed with the Speaker of Council to solicit his approval and it was agreed that in order for the Councillors to be effective and comprehend the complexity of their oversight function, the Councillors should be provided with the Municipal Finance Management Programme (MFMP) training (Competency training). This training would enhance the different NQF levels of all councillors to enable them undertaking other formal qualifications thereafter. The MFMP training is highly beneficial as it covers roles and responsibilities of Council, councillors as well as functionary duties of all spheres. It also covers the entire budgeting,		

	<b>Indicator name</b>	<b>Total number of people (planned for) during the year under review</b>	<b>Achievement level during the year under review</b>	<b>Achievement percentage during the year</b>	<b>Comments on the gap</b>
		annual report and other oversight functions.			
8	Percentage of staff complement with disability	2	2	0.2%	The Council during the review of its equity plan for the next 5 year period will review its disability inclusiveness.
9	Percentage of female employees	42	42	100%	Percentage of entire staff establishment
10	Percentage of employees that are aged 35 or younger	9	9	100%	Percentage of entire staff establishment
11	Adoption and implementation of a District Wide/ Local Performance Management System	<p>The District Municipality has adopted and implemented an automated Performance Management System which is cascaded to all levels of staff throughout the organisation. This system is operating effectively and the performance of every staff member is reviewed on a quarterly basis. The system is continually being refined to ensure its efficiency and compliance with legislation. Regular quarterly performance reports are submitted to Council.</p> <p>The automated system of the District Municipality has been made available to all local municipalities. So far five of the local municipalities in the District have implemented the system. Continual performance management support and capacity building is made available to all local municipalities.</p>			

## **Basic Service delivery performance highlights (KPA 2)**

### **WATER SERVICES: Annual performance as per key performance indicators in water services**

The District Municipality is not a Water Services Authority or Water Services Provider. Local Municipalities are the Water Services Authorities and Water Service Providers in the District, and the KPIs for water services are therefore not relevant to the District Municipality.

The objective of the District Municipality is to capacitate Local Municipalities in the District to provide every household within the District with access to at least a basic level of service.

#### **District Municipality Key issues for 2018/2019**

- Providing financial assistance for repairing the water tanker for Dr. Beyers Naude Local Municipality in order to supply the communities of Graaff-Reinet with water as Dr. Beyers Naude Local Municipality was experiencing severe water crisis.
- Providing financial assistance for repairing of five (5) sewerage pumps due to challenges experienced on sewer spillages amongst sewage pump stations in towns of Dr. Beyers Naude Local Municipality.
- Providing water carting for the communities of Makhanda due to water challenges during shutdown period.
- Providing assistance by supplying diesel pump to clean accumulated sludge in the channels and the clarifiers (desludging pump) at James Kleynhans Water Treatment Works through Amatola Water.
- Unblocking of sewer mainlines that caused sewage overflows in the streets and households as a result of blocked plumbing, backflow from the sewerage system in townships of Makhanda.
- Supply and delivering of plumbing material including with water meters for Water Conservation and Demand Management.
- Installation of water meters and repairing of water leaks in townships of Makhanda , Makana Local Municipality.
- Hiring of the bulldozer to deal with smoldering of smoke at the Grahamstown landfill site in Makana Local Municipality.

#### **Major Challenges In Water Services**

Local Municipalities are facing huge water losses due to water leakages and non-existence of water meters for most consumers. The LMs have been advised to set aside a budget for implementation of Water Conservation and Demand Management.

### **SANITATION SERVICES: Annual performance as per key performance indicators in sanitation services**

Local Municipalities in the District are the service providers in respect of sanitation services and the KPIs for water services are therefore not relevant to the District Municipality.

The sanitation function of the municipality is administered by the Department: Infrastructure Development and Community Services. The Strategic Objective of this function is to capacitate Local Municipalities to provide every household with a basic level of service.

### **Major challenges in sanitation services**

The aging and dilapidated municipal infrastructure experienced by most municipalities in the District has been highlighted in various platforms and presentations have been made to the Munimec as well as the Department of Cooperative Governance and Traditional Affairs. The LMs have also been advised to ring-fenced at least 10% of their annual budgets to deal with Operation and Maintenance of infrastructure.

#### **ELECTRICITY SERVICES: Annual performance as per key performance indicators in electricity services**

The District Municipality is not responsible for any energy supply in the District.

#### **ROAD MAINTENANCE: Annual performance as per key performance indicators in road maintenance services**

The District Municipality is not responsible for road construction and maintenance. SANRAL is responsible for National Roads and the Provincial Government for Regional roads in the District. Roads within towns and settlements are the responsibility of Local Municipalities. However, the district has developed Rural Roads Asset Management System for the entire District. This system will assist in data capturing on road conditions in each Local Municipality for assisting in prioritization of Road Maintenance.

The EASyRAMS System has been completed and rolled out to all Local Municipalities.

#### **WASTE MANAGEMENT: Annual performance as per key performance indicators in waste management services**

The District Municipality is not responsible for waste management. The Local Municipalities in the District are responsible for this service. The District Municipality developed an Integrated Waste Management Plan for six Local Municipalities

<b>Existence of an effective indigent policy</b>	Since the disestablishment of the District Management Area and incorporation thereof into Local Municipalities' areas of jurisdiction, the District Municipality no longer implements an indigent policy as this is done by the Local municipalities.
<b>Existence of an approved SDF</b>	The Municipality has a reviewed SDF that was approved by Council in 2013. The SDF is for the 5 year period of 2013-2018.
Existence of Land Use Management System (LUMS)	The Municipality does not have a Land Use Management System because all land in the District is under the jurisdiction of the local municipalities. The District Municipality provides technical and financial support for LMs to establish, manage and implement LUMS in accordance with legislation.

## **MUNICIPAL LOCAL ECONOMIC DEVELOPMENT FRAMEWORK- KPA 3)**

### **Annual performance as per key performance indicators in LED**

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	Existence of LED unit	7	6	90%
2	Percentage of LED Budget spent on LED related activities.			
3	Existence of LED strategy	Most of the LED strategies from the 7 Locals are under review and as well as the DM strategy taking into account the revised mandate of the 6 <sup>th</sup> Parliament, new China/DM and LMs cooperation.  Currently Kouga LM LED strategy is being revised and support in this regard is through the BIGM programme.  A new LED strategy is developed for the new amalgamated Local Municipality Dr Beyers Naude and supported by COGTA, EC.		
4	Number of LED stakeholder forum meetings held	4 Independent Power Producers (IPP) forum and 4 District Support Team meetings	3 IPPS and 3 DSTs	
5	Plans to stimulate second economy	Support to emerging businesses are prioritized		
6	Number and Percentage of SMME that have benefited from a SMME support program	4	11	
7(A)	Number of job opportunities created through EPWP	118	32	27%
7(B)	Number of job opportunities created through CWP	0	0	0%

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
8	Number of job opportunities created through PPP	N/A	N/A	

## MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (KPA 4)

### Annual performance as per key performance indicators in financial viability

	Indicator name	Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
1	Percentage expenditure of capital budget	4 357	2 065	47%
		Target set for the year (35%) R(000)	Achievement level during the year R(000)	Achievement percentage during the year vs the operational budget
2	Salary budget as a percentage of the total operational budget	60 198	43 324	72%
		Target set for the year (20% or less) R(000)	Achievement level during the year R(000)	Achievement percentage during the year vs the actual revenue
3	Trade creditors as a percentage of total actual revenue		5.2%	
		Target set for the year (80% and more) R(000)	Achievement level during the year R(000)	Achievement percentage during the year
4	Total municipal own revenue as a percentage of the total actual budget	42 900	5 407	13%
		Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
5	Rate of municipal consumer	There are no municipal consumer debtors, as the District		

	debt reduction	Municipality does not render any direct municipal services to the community.
6	Percentage of MIG budget appropriately spent	The District Municipality does not receive a MIG allocation. The District Municipality has however received a MIG allocation of R24.8 million on behalf of Makana Municipality to assist the local municipality in administering the allocation in terms of DORA. The unspent amount of the allocation at year end is R1.71 million.
7	Percentage of FMG budget appropriately spent	1 250
8	AG Audit opinion	Unqualified
9	Functionality of the Audit Committee	6
10	Submission of AFS after the end of financial year	31 August 2018
		31 August 2018
		100%

## GOOD GOVERNANCE AND PUBLIC PARTICIPATION- (KPA 5)

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	% of ward committees established	This is a target for Local Municipalities and Metropolitan Municipalities and not for a District Municipality		
2	% of ward committees that are functional	This is a target for Local Municipalities and Metropolitan Municipalities and not for a District Municipality		
3	Existence of an effective system to monitor CDWs	CDWs are monitored by the Local Municipalities and the Provincial Government.		
4	Existence of an IGR strategy	The Municipality has an existing IGR Policy		
5	Effectiveness of IGR structural meetings	The Municipality's IGR structures meet regularly – refer to page 29		
6	Existence of an effective communication strategy	The Municipality has an effective communication strategy – refer to page 34.		
7	Number of Outreaches to LM's for IDP and Budget	7	7	100%
8	Existence of a fraud prevention mechanism	There is an Anti-Corruption and Fraud Prevention Committee in place. The Municipality has adopted an Anti-Corruption		

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
			and Fraud Prevention Policy and Strategy. The decision to have a Hotline is currently being investigated. This is likely to be a shared service with the LMs should the LMs accede to pay for the service. Whilst setting up a Hotline may not be a problem, an important factor will be the costs involved in investigating complaints. Anti-Corruption and Fraud Awareness Campaigns were conducted. All matters raised by the Audit Committee as well as all recommendations are included in the Council agenda and are freely available to members of the public.	

Information about the establishment and functioning of ward committees for the 2018/2019 financial year will be provided when the Annual Reports of the LMs are compiled

